To JAMES N. GILLETT,

GOVERNOR STATE OF CALIFORNIA

SPECIAL LABOR REPORT

ON REMEDIES FOR

STRIKES AND LOCKOUTS

By HARRIS WEINSTOCK,

SPECIAL LABOR COMMISSIONER

REPORT

ON THE

Labor Laws and Labor Conditions

OF FOREIGN COUNTRIES

In Relation to Strikes and Lockouts

Prepared for the information of His Excellency

GOVERNOR JAMES N. GILLETT

BY

HARRIS WEINSTOCK

Special Labor Commissioner

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CONTENTS.

LETTER OF TRANSMITTAL.

To His Excellency, GOVERNOR JAMES N. GILLETT,
State Capitol, Sacramento, Cal.

DEAR SIR: I have the honor to hand you herewith my report in the execution of the commission I hold from you as Special Labor Commissioner to examine into the labor conditions and labor laws of foreign countries, and to report thereon to you, the Executive of the State of California.

I have, during the past fifteen months, visited Italy, Russia, Austria, Germany, Belgium, France, England, the British Colonial States of Victoria, and New South Wales, in the Commonwealth of Australia, and the Dominion of New Zealand, and have investigated their labor laws and labor conditions.

I have now the honor to submit this as my report covering these various investigations, and to embody in a final chapter such general conclusions as I have been enabled to reach, and such recommendations for proposed legislation as in my opinion is likely to lessen strikes and lockouts in the Commonwealth of California.

Respectfully yours,

HARRIS WEINSTOCK.

January 10, 1910.

REPORT ON

LABOR LAWS AND LABOR CONDITIONS

OF FOREIGN COUNTRIES.

ITALY.

In my investigations of the labor laws and the labor conditions of Italy, I find from inquiries made of Dr. Marchetti of the Government Labor Bureau, which is a branch of the Ministry of Agriculture, Manufactures and Commerce, that labor legislation in Italy is much occupied just now with the problem of legalizing and regulating collective bargaining as between associations of workers and associations of employers, more especially in its bearings on agricultural labor contracts, agricultural labor having attained a high degree of organization in Italy, the unions numbering 270,000 members, plus sixty or seventy thousand organized outside the federation. In the National Council of Labor, on which the government is represented, there is a strong current in favor of introducing into such collective bargaining a clause enforcing compulsory arbitration in labor disputes, but such a measure requires careful study before being concreted, as there is strong opposition to it, especially on the part of the workers themselves, who think their interests are better safeguarded by avoiding all such compulsory intervention.

Three private bills will be brought into the House of Deputies by the Hons. Bissolati, Nicolini, and Alessio, in favor of a law for compulsory arbitration, and the government has promised to study them and incorporate the principle in a measure of its own initiative; but it is easy to foresee that months, if not years, will have to pass before such a project is concreted. There already exists in most trades permanent arbitration bodies, known here as "Probiviri," chosen half amongst the workers and half amongst the employers, elected at fixed intervals, generally every two years, to whom disputes arising as to the interpretation of a contract can, if desired, be submitted both by masters and men, and it is proposed to extend such boards, whose awards are taken

into consideration by the courts should the dispute be carried into them, to agricultural labor.

UNIONISM.

It would seem that unionism is a comparatively young movement in Italy, the first labor unions and Chambers of Labor (Camere di Lavoro) having been formed in industrial centers in 1892, though they only assumed real importance after the great labor and political difficulties of 1898. The organization of the peasantry into leagues of resistance is still more recent, dating back only to 1901, when it started in the province of Mantua after an unusual outbreak of strikes and lockouts in rural districts. The movement was started and directed by the Socialist leaders and is still almost entirely in their hands, though in Romagna some strong organizations are in the hands of the Republican party. These organizations differ widely in different provinces in their aims and methods. In many parts they aim at regulating the phenomenon of the internal emigration of farm laborers from one province to another, which has assumed very large proportions in Italy. In other regions, and more especially in Emilia, such organization takes the form of the collective leasing of farms which are exploited on a coöperative basis; this feature has attained great developments and yielded many interesting and valuable results. Since the creation of the agricultural unions, which have given rise to many big and closely contested strikes, there has been a marked advance in the wages paid to farm hands, raising them in some districts from thirteen cents per day to sixty-five, or a gain of about five hundred per cent, and nearly everywhere the pay has nearly or more than doubled, but it is not even claimed by the unionists that this marked difference is wholly due to organization. In many regions, notably in the southern provinces, emigration is mainly responsible, as labor has become very scarce and can command its own price; in other parts where the emigration phenomenon has not made itself felt, factors have been the high degree of prosperity which has prevailed in Italy as elsewhere for the last few years, the higher price commanded by many products, migrations to cities, due to the increased industrial activities, and the general increase in the cost of living due to the diminished purchasing power of money. The opponents of unionism indeed maintain that there is little relation between the growth of unionism and the increase of wages other than that of coincidence, but it is generally admitted that unionism has had its share in raising the standard of living.

The statistics published by the Labor Bureau show that unionism has not had much influence on the length of the working day, though in some places it has brought about this change: That pay, instead of being by the day as formerly, is by the hour, which has tended to put

a premium on long rather than on short hours, due to the desire of the workers to make a large wage. Many farm laborers work as many as fourteen hours a day in the busy season in those regions where they live on the fields they till; in other provinces the working day is of nine and one half hours, as the laborers live in villages often at a considerable distance from their work, and the difference of time is largely taken in going to and from their homes.

LABOR SAVING DEVICES.

The increased cost of farm labor has tended to promote the introduction of better methods of farming, as the landowner has had to have recourse to this means of increasing the yield of his land as an offset to the larger slice now given to labor. So far as conditions permit labor saving devices are being introduced, and this without, as a rule, exciting the opposition of the unionists, whose organizations, largely controlled by the Socialists, can not consistently object to the application of machinery. Many such devices, however, are not of practical utility in many regions where the acreages are generally very small and cultivated intensively, as in Tuscany, for instance, where on a small farm olive trees and vines are cultivated in the same field as the corn, which is sown in narrow strips between them. Also large areas are hilly or mountainous, and there again machines, such as reapers or mowers, would be impracticable. But in Lombardy, Emilia, Latium, and elsewhere, there is an increasing demand for agricultural machinery, and in some districts there is a tendency towards coöperative purchase and operating of same.

It might be presumed that the highly increased cost of labor would have diminished noticeably the returns cashed by the landowners and thus have tended to depress land values. It would appear, however, that the reverse has taken place. This is due in the first place to the improved methods of farming introduced, partly as the result of the increased cost of labor and partly owing to the active educational propaganda carried on by the Italian government by means of traveling chairs of agriculture, experimental fields, etc., and also to the decline in the capitalization value of money. The value of many products has also risen considerably. Another determining factor is the land-hunger of the Italian emigrants who return home with their savings and who are keen bidders for available land, which they are willing to acquire at almost any price to gratify their ambition to become landowners on however so small a scale.

CONDITION OF THE LABOR MARKET.

It is feared that should commercial depression in America continue and lead to the return on a large scale of Italian emigrants, such return

would tend to overload the labor market, and might seriously disturb recent prosperity and check the advance in wages, prices, and land values which has been continuous of late. So far, however, the official returns received by the Labor Bureau show that although large numbers of emigrants have returned, no bad effects have as yet been felt; and indeed their return is welcomed in many districts where the scarcity of labor has begun to be so seriously felt as to constitute a cause of impoverishment to the southern provinces and to compromise their economic prosperity.

STRIKES.

In a conversation with Professor Giovanni Montemartini, Director of the Labor Bureau, I made some inquiries as to the nature of the great agricultural strike now being fought in the province of Parma, which is focusing the attention of Italians of all parties on the problems connected with labor, and I elicited from him that Parma and the neighboring districts of central Italy are hard affected by the emigration movement, which has done so much to raise wages in other parts of Italy, and consequently the agricultural laborers have had to resort to organization and strikes in order to improve their conditions. Recently the peasant organizations of the province of Parma have come under the influence of the "Syndicalist" section of the Socialist party, which is in favor of direct economic as opposed to parliamentary action, and favors a policy of harassing the landowners by continual strikes, boycotts, etc., in the hope that they will at last find it impossible to carry on their farming operations, and will thus be willing to rent their lands to unions of peasants, who would propose to exploit them collectively. This is the theory underlying the syndicalist movement, but in practice the strike has been fought with the usual peaceful methods on the side of the peasants, and the whole dispute has turned on a question of the failure of the landowners to comply with certain clauses of an agreement stipulated between them and the peasantry in 1905. But, on the other hand, the landowners have organized and are now conducting the strike in an aggressive spirit with the object of breaking up the organizations, and enforcing the principle of the "open shop." Twenty thousand organized peasants are involved in this strike, which has already lasted over a month, and the termination of which it is impossible to foresee. The landowners have succeeded in migrating their live stock, one of the principal assets of the province, to other parts of the country, the peasants on their side are sending away their children, who are gratuitously received and cared for by the organized workers in the towns all over the peninsula. The government so far has preserved an absolutely neutral attitude.

The agricultural laborers' organizations are federated, and the na-

tional federation counted over 350,000 members a few years ago. Its membership is now reduced to 270,000, as the organizations which have come under the syndicalist influence, such as those of Parma, have seceded.

COMPULSORY ARBITRATION.

To my inquiries as to how the question of compulsory arbitration was viewed in Italy, Professor Montemartini replied that public opinion on the question is directed along three currents, one favoring the creation of permanent arbitration boards, to which the parties to a dispute could voluntarily have recourse at any time; another in favor of compulsory conciliation boards, to which all disputes would have to be submitted before either masters or men could declare hostilities; and a third in favor of compulsory arbitration. The serious dimensions assumed of late by strikes, such as those of railway employees, and more especially the gravity of many agrarian strikes in some of which the military have been called out and many lives lost, has strongly influenced public opinion in this direction. It is easy, however, to foresee that great difficulties would arise in enforcing any such measure. The measure which the Socialist deputy, Hon. Bissolati, intends placing before the Chamber, proposes to penalize manufacturers who refuse to obey the award of the arbitration board by closing their establishments, but no penalties are proposed for the workers who offer no security. The measure supported by the Hon. Nicolini proposes to keep back as security for the workers a certain proportion of their wages till the termination of the agreement under which they are engaged, but this again would be impracticable, except in certain classes of labor. On the whole, it may be said that there is a tendency among employers in industry to oppose compulsory arbitration, while the landowners would, as a rule, favor it. The Director of the Labor Bureau himself is opposed to the principle of compulsory arbitration, as he considers it wrong in principle and impracticable, except perhaps in those few industries which are government monopolies and in which it is possible to know the exact cost of production, and which have nothing to fear from foreign competition. He fears that in practice it might often have the effect of ruining an industry and increasing lack of employment. Undoubtedly the general public is, however, in favor of some such measure, as also certain sections of the Socialist party, though opinion there is very divided, as is seen by the fact that the railway workers' union has rejected the offer of compulsory arbitration. The Prime Minister, Giolitti, has made declarations in the Chamber to the effect that he does not favor for the present any project for compulsory arbitration, and that he considers it premature to talk of incorporating the labor unions, as is proposed in one of the measures to be brought before the Chamber.

Dr. Carroncini, also of the Labor Bureau, informs me that next month a law will come into operation for regulating the conditions of labor of workers in the rice fields in the provinces of Verona, Pavia, and Ferrara, and this law contains a clause for compulsory arbitration of disputes which may arise in this special industry. The board of arbitrators is to consist of three umpires selected by the masters and three by the men, presided over by the pretore or local magistrate, and its decisions are to be final and without appeal. Any refusal to obey the award will be punished by fines, amounting in the case of the workers to from 30 to 40 lire and in that of the employers to from 300 to 400 lire. In the case of the workers it is proposed to garnishee their wages in payment of the fines. The initiative of this law was taken by the government at the instigation of the landowners, and has met with much opposition on the part of the workers, and it is foreseen that it will be enforced with difficulty. The disputes which it will be called to decide upon will be mostly on minor questions concerning chiefly the interpretation of contracts. Should the law be successful in operation, it is likely to be broadened so as to cover other categories of agricultural work. Dr. Carroncini does not himself believe compulsory arbitration practicable or desirable, and remarks that in agricultural struggles it is wished for by the landowners, but opposed by the workers themselves. He considers that in all strikes the government should observe strict neutrality, limiting its action to preserving peace, and he considers that the conditions in agricultural struggles are such that when the government merely confines its action within these limits, it is already exercising pressure in favor of the landowners.

Nineteen hundred and seven was a record-breaking year for strikes in Italy, as they attained the number of 2,500, as against 900 for 1906 and 600 for 1905; it is probable now that the number will tend to decrease.

RUSSIA.

I have found that at this particular time it can hardly be said that Russia, like other countries, has a labor problem. It has solved this problem in rather an unique way, and yet not in a way that I should care to recommend to the government of California or to any other government. Prior to 1905 the government did not legalize the formation of labor unions. During the period of the revolutionary movement of that year, the government, in addition to granting a constitution and other concessions, also gave to labor the privilege to organize. The workingmen in all industrial parts of the empire promptly availed themselves of this concession, and powerful labor unions were speedily formed.

In Russian Poland, where are located the great manufacturing centers of Warsaw and Lodz, the industrial workers have been largely recruited from the peasantry. This element, when brought into the cities and away from home restraints, became more or less savage. Once organized and led, as many of them were, by Socialists and political leaders, who seemingly meant to use these organizations for revolutionary purposes, they became most unreasonable in their demands, and when these demands were denied, did not hesitate to resort to the knife and the revolver. In consequence, many violent strikes took place, and for a time a reign of terror existed in these centers. This situation, as I will presently show, played directly into the hands of the government.

It would seem that the Czar had yielded most unwillingly to the policy of granting a constitution and other concessions in the direction of personal and civil liberty. That these privileges were granted was due to the government overestimating the strength of the revolutionary party. The moment the Czar felt sure of the army and a slight weakness was shown on the part of the revolutionists, he immediately instituted a reactionary policy. A "pogrom" was arranged in secret by the "higher ups" of the government circles which was to go into effect simultaneously all over the empire, and which was to include a massacre of the revolutionists and those presumed to be in sympathy with them.

These massacres were to be conducted by a body since become known as the "Black Hundreds," the rank and file of which were made up of outcasts and criminals, known in Russia by the English title of "Hooligans." These Hooligans were to receive the protection, and did

receive the protection of the military and the police. And under the direction and protection of these governmental forces, thousands of innocent men, women, and children were butchered and slaughtered in many cities, towns, and villages throughout the empire for several days, and the contents of their homes and shops were looted and carried away by these freebooters with the fullest knowledge and consent of, and aided and abetted by, the military and the police.

The charge has been made that the Czar himself was at the head of this movement; that in advance he had promised to pardon every member of the Black Hundred who might be convicted of any crime committed during the proposed massacre.

What lends color to this charge, and what is maintained to be absolute proof of his complicity in these murders, is the fact that he has seemingly kept faith, and that he has actually pardoned every man since convicted in the courts of murder, arson, outrage, incendiarism, and all the other dreadful crimes committed during the days and nights of terror. Just at this writing, and as additional proof that the Czar was at least in perfect sympathy with the acts of the Hooligans, comes a wire dated at St. Petersburg, and published in a London journal, reading as follows: "It having been proposed to lessen the term of punishment inflicted on all the people condemned for being implicated in the Kieff 'pogrom,' the Czar has granted them a complete amnesty."

The statement was made to me by a prominent lawyer in Moscow who had carefully investigated the matter, that out of the thousands who took part in these massacres in various parts of the empire and who shed untold quantities of innocent blood, there is not one single offender to-day, despite hundreds of convictions, to be found in the prisons of Russia.

On October 30, 1905, the Czar in his proclamation to the people among other things said, "We lay upon our government the duty of executing our inflexible will by giving to the people the foundations of civil liberty in the form of real inviolability of personal rights, freedom of conscience, freedom of speech, freedom of public assembly, and freedom of organized association."

SUPPRESSION OF LABOR ORGANIZATIONS.

In consistence with the policy of reaction begun by the Czar immediately on the heels of this generous and liberal declaration, steps were taken to suppress all labor organizations. The labor leaders who permitted or encouraged violence on the part of union strikers played directly into the hands of the government by furnishing the needed pretext for the suppression of unionism, and despite the claim made that only a percentage of the unionists committed acts of violence, *all* unions were suppressed. According to the unrepealed

laws of Russia, labor is permitted to organize, but as a matter of fact, no labor meeting is permitted to take place without the consent of the chief of police, which consent is never obtainable. In consequence, labor unionism in Russia for the time being is paralyzed, and owing to lack of organization and also to lack of strike funds, strikes of any duration are practically impossible.

The statement was made to me by a leading Russian professor of political economy, who is an authority on the Russian labor question, that the Minister of the Interior refused to grant a certain employer permission to make certain wage concessions to his employees on the ground that to do so would encourage other wage-earners to make demands and thus lead to possible strikes.

At one of the great iron mills in southern Russia, after a lengthy interview with several wage-earners in the presence of the manager, I said to them, "Am I to understand that if you have grievances and hold a meeting to discuss them, agree upon them, set them forth on paper and appoint a committee to present them to your employer for his consideration, that you would be liable to punishment at the hands of the authorities?" "If we do all that you say," they answered, "the members of such a committee would speedily find themselves on the road to Siberia."

Appealing to the employer I asked if he did not think that such treatment of labor on the part of the authorities was most cruel and unjust. He answered saying that labor was not the only factor liable to such summary treatment. "I do not know what moment I, as an employer, may be thrown into prison by the order of the governor general of this province, who is all powerful, being in supreme control, and from whose judgments there is no appeal—kept there indefinitely, and, perhaps, finally transported to Siberia without even being informed of the nature of my offense or given an opportunity for a hearing or a fair trial."

In this wise, labor organizations in Russia have been terrorized by the government, and while secret unionism more or less prevails, its possibilities are enfeebled, and it can serve little or no practical purpose, for the reason that the members, and more especially the leaders, are subject to arrest, imprisonment, and exile as soon as they show their heads.

DIMINISHED EFFICIENCY OF RUSSIAN LABOR.

In the face of these conditions one would be led to believe that Russia should be the manufacturers' Mecca. Here, at least, he may be permitted to conduct his business without interference on the part of the labor picket or the walking delegate. Here he need now have no fears of arrogant labor committees calling on him and making unreasonable

demands which he dare not refuse without the risk of a strike which might destroy his business.

I think it was Herbert Spencer who once said that if you strike a blow with a hammer on a smooth sheet of tin you will find a dent therein; but if you turn the sheet of tin over you will find a corresponding elevation on the other side. The same law of cost and compensation is working its way out with the Russian labor situation. Instead of Russia, because of the suppression of labor unions, being the manufacturers' Mecca, it is proving to him a Waterloo.

Every Russian manufacturer with whom I spoke, and I had the opportunity of speaking with some of the largest in the empire, informed me that the diminishing efficiency of the Russian workman was becoming so serious that it was getting to be more and more of a problem as to how they could retain their business against the competition of foreign manufacturers who had the advantage of more efficient labor, and who were successfully invading their territory.

"Is the charge true that is made by employers that the efficiency of the Russian workman is declining?" I asked a group of intelligent Russian wage-earners whom I was interviewing.

"It is with regret that we must admit it to be true," they replied.

"Why is it true?"

"Because," they answered, "our employers are in league with the government to oppress and to suppress us. We have had locks put on our lips and manacles on our hands. We are helpless and almost hopeless. Surely, under these conditions, we can not be expected to be wildly enthusiastic over our employers' interest, nor can we be expected to give forth our best in return for treatment which is the worst. What have we to gain by working ourselves down to the bone? Nothing, absolutely nothing. We can hope neither for appreciation nor for more pay, and so it is only natural for us under these circumstances to give in return the least we can.

This object lesson effectively demonstrates the human law, that the governmental policy which destroys freedom of organized association, as in Russia, destroys at the same time the spirit of the worker also as in Russia, and turns the willing workman into an unwilling workman, thus making it impossible for such nation to advance or even to maintain its industrial position among the industrial nations of the world.

There is no other country in the world, the United States not excepted, that is so rich in material resources as the empire of Russia. Its hills and its mountains, its mines and its valleys, contain the hidden treasures of all the Indies. Yet, in the face of all this undeveloped but potential wealth, untold millions of Russians go hungry from the cradle to the grave.

Under an honest, wise, and beneficent administration, Russia could

become the wage-earners' Mecca, and Russian labor could be made happy and prosperous to a degree not to be surpassed in any other land. But as it is, the present condition and the future outlook for Russian labor is most gloomy and discouraging.

STRIKES.

In consequence of the strikes of 1905 and 1906, wages have risen from fifteen per cent to thirty per cent, but the cost of living has risen progressively, so that as a matter of fact, the absolute wages of the workingman have not increased, and where in the absence of organization no increase in wages took place, the wage-earner because of the increased cost of living is worse off than ever.

The only real advantage gained through strikes, and still enjoyed by many wage-earners, is the shortening of the hours of labor. The legal Russian working day is eleven and one half hours; the general working day at this time is ten hours, but many of the iron works have a nine-hour day, and some of the municipal undertakings have an eight-hour day.

WAGES.

Owing to the numerous religious and other holidays there are only from two hundred and eighty to two hundred and eighty-five labor days in the year. This, of course, militates against the earning power of the wage-earner, who, as a rule, is paid by the hour or by the working day.

The average wages of Russian workingmen will run from one hundred to one hundred and fifty dollars per annum. The cost of food for a Russian workingman is about four dollars and a half a month. His diet consists of bread, vegetables, and groats, meat rarely if ever being in reach of his meager earnings.

The condition of the peasants is even worse than that of the industrial workers. Professor Oseroff of the University of St. Petersburg, one of Russia's greatest political economists, is my authority for the statement that the average wage of peasant women who do the hardest sort of manual field labor is at the rate of ten cents for a day, which begins at four a. m. and does not end till eight p. m., and out of this pittance she must furnish her own food. Moreover, he went on to say that at times there are multitudes of women who stand in line waiting for an opportunity to secure work on these pitiable conditions. In the villages I have seen peasant girls employed as domestics for as little as one dollar a month, and seemingly glad of the opportunity to get food and shelter which their own homes do not afford.

Male peasants in summer earn from fifteen cents to fifty cents a day, and in winter from six cents to twenty cents a day, according to the quality and the strength of the worker.

The need for saving in the summer on the better wage rate in order

not to starve in the winter when there is not enough employment to go round, when there are great armies of unemployed peasants, is so imperative that a farmer employing a goodly number of peasants informed me that, as a rule, most of his peasant men and women work all the summer without spending one single penny for personal needs outside of food.

The manufacturing employers seem to feel that their inability to compete successfully with foreign manufacturers is due to the shortened hours of labor and the increased wage brought about by strikes. Now that strikes, because of the attitude of the government, have become almost impossible, they are taking steps to make a united effort to lengthen the working day and to cut down wages. All this in the face of increased cost of living from which the wage-earner can not escape.

In the opinion of a disinterested investigator such a policy, if successfully carried out, can but make a bad industrial condition much worse. Longer hours and cuts in wages must further add to the discontent and misery of the Russian wage-earner, and tend to make him still more inefficient, thus making it less and less possible for the Russian manufacturer to maintain his business even in his own home market, to say nothing of the markets of the world.

CONDITION OF RUSSIAN WAGE-EARNER.

The lot of the Russian wage-earner is the most unhappy in all the occident, and so long as it remains the policy of the Russian government to put a premium on ignorance, to discourage the education of her masses, to deliberately encourage, as she does on every hand, vice and immorality, in order to divert the thought and the energy of the people from politics, so long as the declaration of the Czar of October 30, 1905, that it is his inflexible will to give to the people, among other things, the freedom of organized association, remains a byword and a barefaced, empty lie, so long must the condition of the Russian wage-earner remain the most unhappy in all the occident.

Russia has nothing to offer in the way of hints or suggestions as to the most scientific method of preventing strikes and lockouts, other than by the most brutal use of force, by the exercise of arbitrary power and by robbing the wage-earner of the freedom of organized association.

Russia, however, by her mediæval and brutal methods in the treatment of labor, stands out as a most valuable object-lesson to the world how best to degrade the working classes, how best to arouse in them hatred and ill will, how best to fill their hearts with disloyalty to the government under which they live, how best to destroy their efficiency by killing the best within them and bringing out the worst within them, and how best to make it impossible, despite boundless natural wealth, to become a prosperous industrial nation.

AUSTRIA.

As Vienna is regarded by Austrian wage-earners as the city where the conditions for Austrian labor are the most favorable, and as Vienna is also the capital of the empire where are to be found the head centers for all information concerning labor and labor laws, I confined the limited time at my command to that city, where I was enabled to make a fairly exhaustive investigation and to get many different points of view on the question under investigation.

Through the courtesy of our American Ambassador, Charles D. Francis, I was enabled to meet the State Minister of Commerce, Dr. Alfred Grunsberger, and the State Minister of Public Works, Dr. Albert Gessmann, to both of which gentlemen I am indebted for much information.

Opportunities were also afforded me to have an audience with Mayor Lueger of Vienna, to meet with the secretaries of the Federated Trades and the Employers' Association, with several members of the Austrian Parliament who are also labor leaders, with editors of labor papers, and with various groups of workingmen. Opportunity was also given me to visit numerous homes of wage-earners and to talk directly with the occupants, so that on the whole my investigations were of a character to give me many different points of view on labor conditions and labor laws. I found some of these points of view most conflicting, as the interests of the informants happened to conflict. I followed the plan, however, of reaching conclusions by facts presented rather than by opinions offered.

CONDITION OF AUSTRIAN WAGE-EARNER.

Compared with his fellow-worker in Russia, I found the condition of the Austrian wage-earner most enviable. On the whole, the Austrian workman is better off than ever before, though there is very great room for further improvement in his condition. The Austrian wage scale has for several years been upward, until the recent depression, which naturally checked this tendency; but, as yet, there have been few instances where wages have been cut, and unless trade conditions grow materially worse, there is no present likelihood of wages declining. I found, however, that this upward trend of wages in recent years was largely confined to those branches of industry which have become unionized.

There has also been a progressive increase in the cost of living, so that unorganized labor, which has not participated, as a rule, in increased wages, has been badly pinched by the increased cost of rent and of foodstuffs.

The legal hours for a day's labor in Austria are eleven. The actual average working hours, however, are nine and a quarter.

The average earnings of an industrial worker are $240 a year, out of which he contributes $20, or eight per cent, to the funds of labor unions. According to the statement of Dr. Max Kaiser, the secretary of the Employers' Association of Austria, $2,800,000 of such funds had been used for political purposes in supporting the work of the Social Democrats, and $400,000 were used for strikes.

LABOR IN POLITICS.

Labor has largely concentrated its efforts on politics. Under the name of "Social Democrats," it wields important political power, having eighty-seven representatives in the lower house. By voting as a unit, this labor party has made itself keenly felt, especially since the representatives of the capitalistic and employing classes are split up into numerous political parties, thus minimizing their political strength.

TAXES.

In addition to contributing eight per cent of his earnings to labor unions, the Austrian workman is obliged to pay direct state taxes equivalent to about nine per cent of his income. This reduces his purchasing power to a sum on which it would seem impossible to the American workman even to exist, especially in the face of the stern fact that in the last few years the cost of living in Austria has increased from twenty-five to thirty-five per cent. As a consequence, even the best paid Austrian wage-earner does not enjoy the comforts, the conveniences, nor the standard of living within the reach of the ordinary American unskilled laborer. A workingman in Vienna, however favorable his conditions, rarely, if ever, occupies more than one room and a kitchen for self and family, no matter how large his family. I have visited the homes of skilled wage-earners in Vienna, consisting of a room and kitchen, which were occupied by families of as many as nine persons. There are multitudes of wage-earners who occupy but one room for self and family.

WAGE-EARNER'S DIET.

The wage-earner's diet, as a rule, consists of bread, vegetables, and coffee, and if his family is not too large, of scrap meat for Sunday dinner.

SICKNESS AND OLD AGE PENSIONS.

He enjoys, however, this advantage over the average American workman. In the event of sickness he is furnished by the State with free medical treatment and free medicine, and also an amount from the state sick fund, equivalent to sixty per cent of his annual wages, to which his employer has contributed one third and he has contributed two thirds. This allowance is given him for a period of twenty weeks. In the event of a disabling accident, he likewise receives a State allowance equivalent to sixty per cent of his annual earnings, to which he has contributed ten per cent and his employer ninety per cent.

The question of old age pensions is also being agitated at this time, and the Austrian Parliament has such a measure now under advisement.

STRIKES.

The rapid increase in the ranks of union labor has tended to an increase in strikes. The official record for recent years stands as follows:

Number of strikes in 1902	246
Number of strikes in 1903	324
Number of strikes in 1904	414
Number of strikes in 1905	686
Number of strikes in 1906	1083

RECOGNITION OF UNIONS.

The great fight that is being made by Austrian labor is to obtain recognition at the hands of the employers. By virtue of its growing strength it has commanded recognition on the part of the smaller employers, which, as a rule, now recognize the labor unions. The larger employers, however, do not, as a rule, recognize labor organizations, and are uniting more and more with the view of collectively refusing to recognize union labor. Aside from the carpenters' union of Vienna, the "open shop," as a rule, prevails throughout Austria. Austrian labor unionism, it is claimed by its leaders, stands for temperance, for the intellectual development of the wage-earner, and for a faithful observance of labor contracts.

Wherever labor unionism is recognized, the tendency of employers and of unions is in the direction of making contracts running from three to five years. The labor federation insists upon the strict observance of these contracts on the part of unionists, a clause being generally inserted in such contracts to the effect that the federation agrees to withhold support, financial and otherwise, from any union that violates its contract, and, if need be, to expel such union from the federation.

The labor unions in Austria, as in America, are opposed to the unions

incorporating, on the ground that to become legal bodies would lay them open to becoming perpetual victims of legal proceedings instituted by the Employers' Association with the view of disrupting the labor organizations.

In order to prevent the selfish among the labor leaders from needlessly prolonging strikes in their own interests and at the cost of capital and labor, and in order also to prevent the union members from being terrorized by radical unionists, the rule is faithfully followed during a prolonged strike of taking a weekly secret ballot on the question, "Shall the strike be continued?"

EFFICIENCY OF AUSTRIAN LABOR.

Austrian government officials, who have carefully studied the Austrian wage-earner, confess that the same man when transplanted to American soil becomes much more efficient. In this connection Dr. Alfred Grünberger, connected with the Ministerial Department of Trade, made the interesting statement that shortly after the recent panic struck the United States, news came that thousands of Austrian wage-earners were on their way back to Austria. This information caused great uneasiness, and committees were hastily formed and employment offices organized in order better to deal with what was expected to be a horde of returning suffering refugees. The surprise of the committees was great when they found the women among the returning emigrants decked out in fashionable garments, with hats decorated with ostrich plumes reaching high up in the air, the men, as a rule, wearing creased trousers, and all of them wearing an astonishing air of prosperity. They were further surprised when the offered employment at eighty or ninety cents a day was laughed at by the returning wanderers, who informed the committees that they had plenty of money, that they were not seeking employment, and that they had simply availed themselves of the slack time to take a junketing trip home where they intended to remain until there was a revival of American trade, when they proposed to return to the United States. I was further informed that there is not one case on record where employment was accepted at the wages offered.

The increased effort and energy of the Austrian workmen when transplanted to American soil is ascribed largely to the better general social and economic conditions that prevail in America, because of its boundless resources, the higher esteem in which labor is held, the far greater opportunities and possibility of advancement, and the progressive spirit of the American employer, who is ever ready to discard old methods and introduce the most modern methods obtainable.

STATE INTERVENTION IN LABOR DISPUTES.

While the State has made no legal provision to deal with strikes and lockouts, it often happens that officials holding high places take the initiative of bringing the conflicting parties in labor disputes together for the purpose of conciliation. One such official, Government Councillor Ritter von Heutl, a particularly tactful official of the province of Lower Austria, has in this wise been the means of settling successfully forty labor disputes, averting that many strikes and lockouts.

This method has grown into such favor that the conflicting parties now frequently appeal to such mediators to arbitrate existing differences.

COMPULSORY ARBITRATION.

Of the many who were invited to express an opinion as to the wisdom and practicability of compulsory arbitration, only three expressed favorable opinions, His Excellency Dr. Gessmann, Minister of Public Works; Herr Frederick Elsinger, a prominent manufacturer, and Stadthalter von Heutl. The latter specially favors compulsory arbitration, expressing the belief that the activity of a court of compulsory arbitration and the precedents created by the same, might be instrumental in effecting and maintaining industrial peace.

On the other hand, however, I found that Austrian employers and employees, as a rule, are much opposed to compulsory arbitration. Austrian employers are opposed not only to compulsory arbitration, but to interference of any sort in labor disputes on the part of the State, on the grounds—

a. That the State officials are likely to be in sympathy with labor, and are likely to use their influence to get concessions in favor of labor, in order to least inconvenience themselves and in the interest of industrial peace.

b. Because compulsory arbitration in time of industrial disputes would compel the employer to expose in court his private affairs for the information of the court and at the same time also for the information of watchful competitors, while labor on the other hand would stand simply on its demands.

c. Because compulsory arbitration, the employers claim, would rob them of their liberty, and would compel them to accept the dictates of perhaps a hostile court.

Austrian labor is opposed to compulsory arbitration—

a. Because it fears that capital with its tremendous power would intimidate the arbitration courts; and

b. Because compulsory arbitration would rob labor of the right to strike, which it regards as its most formidable weapon, and which it will not surrender under any conditions.

Labor declares further by its representative, Hueber Broun, editor of the *Arbeiter Zeitung,* the Social Democratic paper of Vienna, and Representatives Beer, Hannsch, and Schrammel, members of the Lower Austrian House, that it would combat any attempt to deprive it by law of the power to strike and would employ all means at its command, resorting, if necessary, to the extreme of fighting therefor in the very streets.

Professor Kobatsch, a recognized authority on economic and labor questions of Austria, maintains that compulsory arbitration can not be adapted to the economic and social conditions of Continental Europe, and that even in England, the most progressive industrial country of Europe, the proposal was recently rejected with the enormous majority of 660,000 votes.

STRIKE REMEDIES.

The consensus of opinion in Austria on the part of officials, employers, and labor leaders is that the best remedies against strikes and lockouts are—

a. Organizations on both sides, as powerful as they can be made, on the theory that mutually strong organizations with the power to inflict, if need be, great punishment on the opposing side, will tend to greater mutual respect and to greater mutual restraint.

b. On the part of labor leaders, it is held that the recognition of labor unions and collective bargaining makes for greater industrial peace.

c. The bringing together of the conflicting parties for the purpose of reaching a better mutual understanding.

d. The making of long contracts, say from three to five years, between employers and employees in order to establish a condition of steadiness and to enable employers safely to plan for the growth and development of their business.

The feeling seems to be growing in Austria, especially in labor circles, that more is to be gained by peaceful measures in labor disputes than by strikes and lockouts, and the present labor tendency is to leave nothing undone to maintain peace before the extreme measure is resorted to of declaring a strike.

GERMANY.

Germany in the past two or more decades has made tremendous industrial strides. Since the introduction of technical schools some twenty years ago, and coincident with the introduction of a State protective trade policy and a more paternal State interest in the welfare of its working people, Germany has grown to be the greatest Continental industrial producer and a keen and steadily growing competitor to Great Britain in the markets of the world.

By virtue of the splendid training the German workman receives in his elementary and technical schools, to say nothing of the discipline he undergoes in his three years' compulsory army service, his standard of efficiency has been materially raised and he makes a far more capable and intelligent workman than did his father or his grandfather. These qualities, together with the fact that though all German workmen drink beer, and some of them consume a great deal of it, few, if any, get drunk, and from the further fact that few, if any, German workmen are addicted to the vice of gambling, enable him, despite his comparatively small earnings, to show a good bank account.

CONDITION OF GERMAN WAGE-EARNERS.

While the average earnings of the German workman are not more than half the earnings of the wage-earner in the United States, there is a marked absence of the extreme poverty that greets the eye in British or American cities. There are no slums to be found in the cities of Germany. Nor are there to be found city districts where are to be seen the so-called submerged tenth. Even the poorest quarters of the German cities are kept scrupulously clean, the tenements outwardly present an attractive appearance, and inwardly, as a rule, will bear a searchlight inspection. This is not only due to the absence of drunkenness on the part of the wage-worker, but also to the deep and sincere interest manifested on the part of the authorities in the physical well being of the working classes.

EFFICIENCY OF GERMAN PUBLIC OFFICIALS.

Unlike our American cities, burgomeisters (mayors) and city officials are specially trained for their work and render the highest quality of efficiency. Moreover, such a thing as municipal graft is unknown in Germany.

The Germans can not understand what seems to them a paradoxical condition in our country. They ask, "How is it that individually you Americans, as a rule, are the soul of honor, yet collectively in your municipal administrations you seem to be a pack of thieves?"

In consequence of the efficiency of the German municipal officials and the absence of municipal graft, Germany has the best governed and the best kept cities in the world. The German taxpayer, as a rule, gets a hundred cents worth on the dollar in municipal service and in municipal conditions, as illustrated in a measure by the following statement taken from a recent issue of the *Berliner Lokal-Anzeiger*:

At a sitting of the Berlin municipal council held on Friday, Dr. Steiniger, the city chamberlain, announced that the financial year had closed with the substantial surplus of ten and a half million marks.

Direct taxation has brought 4,300,000 marks more than the estimates. Economies and increased revenue from the City Loan Department realized 1,500,000 marks. The carrying out of public works had been accomplished for 2,500,000 marks less than had been anticipated.

There are yet other reasons why, despite the fact that the average earnings of the unskilled workman do not exceed $5.50 per week and the skilled workman $7.00 per week the year round, that he can, as a rule, keep a savings bank account.

A German workman occupies for himself and family but one room and kitchen for which he pays a rental of about $6.00 a month, which is less than half the rental paid, as a rule, by the workman in our American cities. His wife is often also a breadwinner, and if his children are over fourteen, they likewise as breadwinners add to the family income. In addition to all this, the paternal form of government exercised by Germany makes provision for the care of the wage-earner and his family in the event of sickness, permanent infirmity, accident or old age.

GOVERNMENTAL PATERNALISM.

Perhaps the greatest of all the great achievements of Bismarck was the founding of the sick, the accident and the old age pension funds which he initiated. One reason why so few beggars are to be seen in Germany is because the sick and the old are well cared for. And this is done in a way not to destroy the self-respect of the man. He is in no way pauperized by being given what may be termed uncharitable charity. He himself must contribute in the days of his health and strength to the creation of a fund that in the days of sickness and old age will place him beyond the need of charity, and insure him the best medical treatment for his physical ailments and a roof over his head when his days of physical usefulness are over. All this is accomplished at so trifling a tax upon him that he scarcely feels it. The lowest paid wage-earner contributes to this fund less than two cents a week and

the highest paid wage-earner pays a little less than five cents a week. Equivalent amounts are also paid into the fund by the employers as their contribution to the sick and pension fund for employees.

These trifling payments afford an annual income for the city of Berlin alone, to say nothing of the rest of the empire, of $2,500,000, not including a further income of about $500,000 interest on the reserve fund of $18,500,000 which has been accumulated since its creation. The reserve sick and pension fund for Germany as a whole is over $375,000,000, and the fund is scarcely more than eighteen years old.

Out of such funds have been erected for the exclusive use of workingmen, some of the finest sanatoriums in the world. In fact, the sanatorium for the workingmen of Berlin, located in a magnificent forest about an hour's ride from the city, is regarded as the finest in the world, and accommodates twelve hundred patients. The German workingman feels that these sanatoriums are his, built partly with his own contributions, and that it can no longer be said that only the rich can enjoy the comforts and the blessings afforded by these modern institutions for the sick. In addition to being cared for at these superb sanatoriums where the highest medical skill is employed, the family of the sick workman, as long as he is an indoor patient, is assisted out of the insurance fund, in amounts, according to the contribution that he has made to the imperial insurance fund, equivalent to from one quarter to three quarters of his full wages. In the city of Berlin alone there are five hundred thousand persons who contribute to the imperial insurance fund. Berlin alone now has over two thousand workers over seventy years of age who are in receipt of old age pensions and about twenty-five thousand persons who receive infirmity pensions.

The total number of workers insured in the German empire as far back as 1903 was 10,914,333.

The apprehension that the sick and old age pensions in Germany would paralyze the spirit of thrift, predicted by those who in the beginning opposed the measure, has not been realized, as shown, for example, by the colossal increase in the German savings banks deposits from 1894 to 1904. In 1894 the savings deposits in Germany were $980,556,375. In 1904 they were $1,902,436,560, nearly double.

As pointed out by a recent writer:

> It is held in Germany that the state does not exist merely to afford protection to the better situated, but also to watch over and to administer to the requirements of the working classes. The first step taken was to ward off the weight of the consequences accruing from accidents and sickness, and the result of the labor in this direction was the passing of the workman's sickness insurance and the workman's accident insurance bills.
>
> The German government is unceasingly occupied with the problem of providing for the comfort and well being of the sixty million Germans now living in Germany and is not leaving to succeeding generations unaided, the task of continuing the solution of this problem.

In addition to the provisions made by the government for the well-being of its working people, many employers voluntarily coöperate. They not only pay into the state insurance funds the amounts required by law, but many, especially among the large employers, have private pension funds, and have erected model workingmen's dwelling houses, workingmen's free libraries and bathing houses. Thus, do we find the State, the employers, and the employees coöperating together for further industrial progress and advancement.

While the provisions against sickness and old age have in nowise lessened disputes between capital and labor, they have nevertheless bettered the conditions of wage-earners and insured them in case of old age, sickness, or misfortune from becoming objects of charity.

On the other hand, as stated in his recent report by American Consul Harris of Chemnitz:

> Experience has shown in Germany as elsewhere, that the more the manufacturer learns to differentiate between a man and a machine, the more he is likely to reduce the danger of strikes.

In her sincere interest in the welfare of the working people, Germany has given the world a great object lesson by which others nations are sure to profit. Austria now has under advisement an old age pension act, and the latest advices from England tell that Parliament has just passed an old age pension bill.

I venture the prediction that the day is not far distant when the United States will likewise see the wisdom of insuring its work people against sickness and old age, thus minimizing much misery and suffering, to say nothing of saving the great waste ever going on in the way of duplicated and mismanaged private American charities supported for the relief of the sick and the old.

The possible argument that we do not want paternalism in our government will in my opinion not hold in this connection, for the reason that, in a measure, we are already paternalistic, as evidenced by our free dispensaries and free county hospitals, which, however, tend to pauperize because they are conducted in the nature of public charities. The compulsory contributions made by German employers and employees removes the thought in Germany that the recipient is an object of charity.

WAGES AND COST OF LIVING.

As elsewhere in Europe, the tendency of German wages in recent years has been upward until checked by the recent depression, which has been keenly felt in the industries of Germany. The cost of living, however, has also progressively increased, but not as much as the rise in wages.

LABOR ORGANIZATIONS.

Organization has gone forward with rapid strides in recent years among employers as well as among employees. The organization which corresponds with the American Federation of Labor now numbers 1,888,000 members, and is still growing.

In common with the Austrian wage-earner the workingmen of Germany take an active interest in politics, and under the title of "Social Democrats" wield considerable political power.

Because of the fact that the government is anti-socialistic, and because of the further fact that the labor unions and the Social Democratic party are composed practically of the same membership, the government is not very friendly to labor unions. The government at times has shown its hostile spirit toward labor unionism, but thus far has not been able to cripple labor organizations by the passing of unfriendly legislation.

While many of the smaller employers, as well as the employers in the printing, bookbinding and building trades, have been compelled to recognize the unions, the great German employers of labor, including the employers in the coal, the metal and the textile industries, have steadily and persistently refused to deal with or to recognize unionism. Employers in these industries, with three million wage-earners on their aggregate pay rolls, are strongly organized and persistently refuse to deal with or to recognize labor organizations. They contend that union wage-earners, as a rule, are also members of the Social Democratic party, which has persistently and needlessly antagonized capital and capitalists, and that so long as this condition prevails they will refuse to recognize unionism. Exceptional cases are found where large employers will recognize unions composed of their own workmen. For example, Messrs. D. Peters & Co. of Elberfeld, manufacturers of woolen and cotton stuffs, have a council composed of nine employees, four of whom are nominated by the employers and five are elected by the workmen, with a member of the firm as president, who, however, has no vote. All differences arising in relation to hours of labor or wages are referred to this council, whose decisions have ever been accepted by both parties. This plan seems to have worked to the satisfaction of all concerned.

STATE INTERVENTION IN LABOR DISPUTES.

The State has thus far refrained from even attempting to exercise any coercion in forcing settlements in labor disputes. It is a strong believer, however, in the exercise of conciliatory measures. With this end in view a law went into effect in 1907, creating what has since become known as the arbitration courts for trade disputes. There are between four hundred and four hundred and fifty such courts throughout Ger-

many. The court in Berlin has eight departments with a judge for each department. These courts have three separate and distinct functions:

a. To decide disputes between individual workmen and their employers.

b. To conciliate in disputes between bodies of workers and their employers.

c. To give expert information and opinions, in reference to trade questions to legislators and to state executives.

Under the law the court awaits the registering of a complaint by either party to a trade dispute, but it also has the power to take the initiative and to summon both parties to a hearing, subject to a fine of twenty-five dollars for failure to respond to such summons.

There is no penalty for either side refusing to answer questions put by the court or for refusing to enter into negotiations with the other party, even at the instance of the court.

The theory of the law is that one half the battle in a labor dispute is won in the direction of peace if both parties can be brought together by a third party, who in this instance is the court, who is disinterested and in whom both sides can place confidence.

I was informed by Herr Gustav Melisch, Chief Secretary of the Industrial Court of Berlin, that seventy per cent of the disputes are submitted to this court and that as a rule the decisions rendered are accepted, although under the law there is no obligation to do so, but that most cases are settled by compromises effected between the parties in dispute, while the case is in course of investigation and prior to the court decision.

Herr Melisch made the further statement that mutual deference and respect is shown in the discussions of labor questions before the court between the representatives of employers and employed, and that the labor contracts frequently resulting from these court investigations, some of them for a period of three to five years, are mutually respected.

STANDING OF GERMAN LABOR LEADERS.

Herr Melisch took occasion to speak in high terms of the German labor leaders with whom his official duties have brought him into contact. He spoke of them as being men of the highest integrity and character, and as being universally respected even by large employers whose policy it is not officially to recognize them.

ATTITUDE OF EMPLOYERS TOWARD STATE INTERVENTION.

The large employers of labor as a rule will not recognize this court of arbitration and conciliation, and its labors generally have been thus confined almost wholly to minor employers and to individual cases. An exceptional case happened recently, however, which was in the nature of a great stroke of good work on the part of the court. A national strike in

the building trades was threatened throughout Germany. Through the efforts of this court a hearing was held at which representative building contractors and wage-earners from various parts of Germany were present. The conference continued for many days, and finally, through the good offices of the court, mutual concessions were made and an agreement for a period of years entered into, which insures industrial peace in the building trades for a long time to come.

OPEN SHOP.

Excepting in the printing trades, the open shop prevails throughout Germany, though in many shops where the great majority are union workers it is said that life by them is made a burden to the nonunion worker.

COMPULSORY ARBITRATION.

I find that in Germany, as in Austria, employers and employees, as a rule, are opposed to compulsory arbitration. Official Germany seems likewise opposed to compulsory arbitration.

Herr Delbruck, Minister of Commerce and Labor, made the statement that the State does not favor compulsory arbitration for fear that it might find itself unable to enforce its decisions, and that a failure to do so would bring the administration into contempt.

German labor leaders are opposed to compulsory arbitration on the grounds that they feel that the State is not in sympathy with labor unionism, and that therefore the leanings of a compulsory court would most likely be toward the interests of the employers.

Nor are labor leaders here in favor of labor unions becoming incorporated for fear of being legally harassed by employers' associations.

German employers, as a rule, oppose compulsory arbitration because they want the State to keep hands off from their disputes with labor, believing as they do that in the end they can get better results and secure better terms for themselves without State interference.

CHAMBERS OF LABOR.

His Excellency Delbrück, the Minister of Commerce, stated that the draft of a law is under consideration regarding so-called "Chambers of Labor." These chambers of labor are to serve as courts of arbitration wherever special arbitration courts for trade disputes do not exist, or if the employers and employees are engaged in the districts of several existing arbitration courts, or if no agreement can be reached concerning a dispute in the ordinary court for trade disputes.

The composition for the proposed labor councils, their functions and powers, have not yet been fully determined upon, beyond the general idea that they are to be composed partly of employers and partly of employees.

TAXES.

By permission of American Vice-Consul General Charles A. Risdorf of Frankfurt, Germany, I include the following statement in this report as showing the burden of taxes imposed by the several countries named therein on their respective consumers:

FOOD TAXATION IN THE UNITED KINGDOM, FRANCE, GERMANY, AND THE UNITED STATES.

In view of the various projects of taxation in Germany, an essay with the above title by S. Rosenbaum seems worthy of interest. The author examined into the duties on groceries, sugar, tobacco and food of all kinds and the internal taxation on liquors, tobacco and food in the several states, and comes to the following results:

The burden of taxation is shown in the following schedule, the figures meaning dollars per capita of the population—

	United Kingdom.	France.	Germany.	United States.
1870	$6 35	$3 60	------	$4 55
1875	6 55	5 01	$1 45	3 59
1880	5 92	5 60	1 79	3 54
1885	6 07	5 59	2 58	3 40
1890	5 92	5 97	3 40	3 74
1895	6 02	6 22	3 01	2 77
1900	6 85	6 50	3 54	4 61
1903	7 82	6 22	3 54	4 28
1906	7 29	6 17	3 79	4 27

This table, covering a period of thirty-six years, shows interesting details. Thus, in America, the burden of taxation has *decreased;* the Americans now pay less per capita than in the year 1870. The development in England is quite similar, but it has been disturbed by the financial effects of the war in Transvaal. Even so the increase is moderate in this country of free trade.

Quite different results are shown in France and Germany, where the military preparations have been multiplied since 1871. In France this taxation has increased about one hundred per cent, and in Germany also there is a rapid rise. These figures form a good argument for the friends of peace.

The author also calculates the amount of taxes derived from food, liquors, and tobacco in different countries.

	Food and Groceries.	Liquors.	Tobacco.	
England	$1 58	$4 22	$1 50	per capita.
France	1 99	2 28	1 84	per capita.
Germany	2 38	1 07	34	per capita.
United States	83	2 58	87	per capita.

According to this schedule, the taxes on food are higher in Germany than in any other state. Still there is a fault in this calculation: only the revenue is taken into consideration and no allowance is made for the increase in prices of domestic products caused by high customhouse duties. The amount of duty collected for corn does not show the real burden of taxation resting on the population; the entire consumption of corn should be taken into consideration, and then we find quite different results in France and Germany, and even more benefit to England and America. It must also be borne in mind that Germany is a federal state, and that the states, countries, and communities frequently impose taxes on meat, beer, bread, etc., which are not included in this calculation.

BELGIUM.

Though one of the smallest nations in Europe, Belgium per capita is the greatest industrial country in the world. With a population of only seven millions, it does a foreign import and export business aggregating $14,000,000,000. Its industrial army numbers 1,500,000 souls, and is steadily growing. Over sixty per cent of all its manual workers are engaged in industrial pursuits, which are the main support of the nation.

Unlike the German and Austrian workers, strong drink has a grip on the wage-earner of Belgium. As a consequence, slums are to be found in its larger industrial centers, more especially in Brussels, where the lower order of wage-earners are more or less dissolute and thriftless. Many parents among them spend their week's earnings in drink and permit their children to go neglected and uncared for.

There is also much illegitimacy among this element of the population. The interesting feature in this connection, however, lies in the fact that as a rule these children are later legitimatized by marriage.

The Belgium nation is composed partly of French and partly of Flemish. A goodly part of what is now known as Belgium came under the dominion of Holland and the remainder under France prior to 1830, when the kingdom was brought into independent existence.

The Flemish wage-earners are hardworking, but stolid and obstinate; fully half of them are illiterate and largely governed by the priesthood. The French workman, who represents nearly two thirds of the industrial force of Belgium, on the other hand is exceedingly bright and clever.

LABOR UNIONS.

The Belgium labor unions have, many of them, established for themselves the reputation of being contract breakers. This has done much to destroy the confidence of employers in them and has greatly added to the normal difficulty usually experienced by labor unions the world over, in getting recognition from employers.

Labor leaders in Belgium have become awake to this fact, and some of the central labor organizations have adopted the German system of withholding support from such local unions as violate their contracts with employers.

WAGES.

The general tendency of wages has been upwards. For example, the increase in wages of textile workers has been about twenty per cent. In the iron trades the increase in wages during the past ten years has been from thirty to forty per cent. Despite all this, the wage standard of Belgium is lower than that of most other European industrial countries. To illustrate this, in Brussels, where wages, generally, are the highest in Belgium, skilled workers, as a rule, earn an average of eighty cents a day, and unskilled workers an average of sixty cents a day.

In the iron industries the rate is somewhat higher, skilled workmen averaging ninety cents a day, and unskilled seventy cents a day.

Street car employees in Brussels earn a minimum of sixty-five cents a day, and after several years' service a maximum of ninety cents a day, with a small pension after twenty years' service.

Saleswomen employed in the great coöperative department store of Brussels, which claims to pay higher wages than its noncoöperative competitors, earn at the start $1.50 a week and after three months' service $2.25 a week, with an increase of $2.50 a month for every two years' additional service until a maximum wage is reached of $6.70 a week; this, after a service of fourteen years.

A male head of department in this same enterprise, which position carries with it much responsibility and demands years of training, earns about $11.00 a week.

Despite the advance in Belgium wages during the past several years, the wage standard of Belgium is lower than that of France and other European countries. I was informed by a manufacturer who has a large *plant* in Belgium and one also in France, that his Belgium wage rate was thirty-five to forty per cent lower than that paid by him in France.

Belgian employers successfully fight foreign competition with low wages. Collective wage bargaining is rarely met with in Belgium. Aside from the building trades, where a minimum wage is fixed by the trade, the bargaining between employer and employee, as a rule, is individual.

COST OF LIVING.

The cost of living during the past several years has steadily been upward. The consensus of opinion among those who have made investigations along these lines is that the increased cost of living is fully twenty-five per cent. Nevertheless, it is maintained that food products are cheaper than in France or elsewhere on the Continent, due to the fact that, aside from customs' duties placed on a few luxuries, Belgium is practically a free trade country.

GROWTH OF UNIONISM.

Labor unionism presents a steady and constant growth. Organized labor now has a membership of about 300,000.

Some of the industries are better organized than others. The best organized industries are the building trades, the textile industries, and the iron workers.

Belgian union labor is divided into two main camps, the Socialists and the Christian Labor party. The former represents about ninety per cent of organized labor, and the latter about ten per cent.

To quote the statement made by the secretary of the Christian Labor party: "The socialistic labor unions stand for anti-capitalism, collectivism and aggressiveness in dealing with employers; the Christian Labor party stands for individualism, conciliation and arbitration in labor disputes."

The Christian Labor party is five years old, and now numbers between thirty and forty thousand members. During that period, according to the statement of its secretary, it has had twelve labor disputes, all of which were settled by arbitration. It has yet to deal with its first strike.

The Socialist Labor members are commonly known as the "Reds" and the Christian Labor members as the "Yellows." Many among the Socialists claim that the Christian Labor party is fathered by the Catholic Church and by the employers, both of whom are regarded by the Socialistic members as enemies to socialism.

The feeling between the "Reds" and the "Yellows" is more or less unfriendly, if not bitter. As a consequence, when "Reds" and "Yellows" are thrown together on the same job, there is friction. The "Reds" will work with the "Yellows" only when compelled to, and then, if they happen to be in the majority, things are often made most unpleasant for the "Yellows." While there are few, if any, employers who will recognize the "Reds," there are many who will recognize and deal with the "Yellows."

Though the latter represent but about ten per cent of the organized Belgian labor unionists, it is claimed by them that they are steadily growing in strength, and that in a few years they will outnumber the "Reds." The "Reds" seem to apprehend this and support a literary bureau for the express purpose of controverting the claims of their rivals.

Yet another marked difference in the policy of the two labor factions is that the "Reds" believe that the betterment of labor conditions must come largely through political effort. Much of their time and energy has therefore been devoted to political campaigning, and they now have a showing of seven members in the Upper House and thirty members out of one hundred and sixteen in the lower legislative body of the realm.

SUFFRAGE.

The "Reds" are making an heroic effort to have the existing law of suffrage changed, which provides for cumulative votes; that is, all males twenty-five years of age have one vote, if married they have two votes, and if also taxpayers they have three votes. This provision they contend militates against the wage-earner, and is in favor of the class who can afford to marry early in life and who have something on which to pay taxes. The "Reds" want the law of "one man, one vote," without further qualification. The "Yellows," on the contrary, are firmly opposed to mixing labor problems with politics, and steadfastly oppose such action on the part of their membership.

APPRENTICES.

As in the United States, the Belgium labor unions limit the number of apprentices to be admitted to any one trade. This policy it is claimed by President Carlier of the Brussels Children's Society has tended largely to increase juvenile criminality, which in Belgium, as elsewhere, is becoming a very grave problem. An effort is being made to meet this problem by the establishing of technical schools.

RELATION OF EMPLOYERS AND MEN.

The relations between employers and employees in various industries are getting more strained. Notable exceptions are the building and the iron trades where the relations are cordial. There has not been a strike in the iron trade for thirteen years.

EMPLOYERS' ASSOCIATIONS.

The Belgian employers have many and varied associations. These, as a rule, have for their main purpose the interchange of ideas on commercial questions. No systematic plan has as yet been adopted by them for defense against strikes, except in special cases, when temporary organization has been effected to meet particular cases. The idea of organizing to meet strikes is growing and will probably crystallize in the near future. Labor leaders express satisfaction at the thought of employers organizing for the purpose of defense measures against strikes, claiming that such action on the part of employers would afford stronger ground for appeal to labor to organize more widely.

OPEN SHOP.

Aside from the printing and diamond cutting trades, "open shop" prevails throughout Belgium, although in the glass industry it is claimed that nonunion workers are persecuted by unionists.

STRIKES.

During 1907 strikes were more frequent in Belgium than in previous years, but since the depression has set in, from which Belgium in common with other European countries is suffering, they are diminishing.

Unionists seem to hold a grievance against the government because of its policy to furnish troops in anticipation of a strike. It has been noted that the older and wealthier unions oppose strikes, while the younger and financially weak unions favor them.

It was interesting to get the views of various labor authorities as to the best remedy against strikes. Mr. Carlier, a large coal mine owner, and one of the most intelligent employers in Belgium, gave it as his opinion that the remedy lies in higher education of the wage-earner, and in legislative measures that will establish labor union responsibility for the protection of employers, and for the protection of such other wage-earners as are innocently injured by senseless and needless strikes. The secretary of the iron workers' union gave it as his opinion that the remedy for strikes lies in profit sharing. Minister of Labor Hubert expressed the opinion that withholding a part of the wages as a guarantee of good faith tends to diminish strikes, and pointed out that in the Belgium glass industry employers withhold one fifth of the wage with good results. The secretary of the Christian Labor party believes that arbitration is the missing link, and the editor of a leading Belgian socialistic paper expressed the opinion that collective contracts of from one to three years would tend to make strikes much more infrequent.

COMPULSORY ARBITRATION.

Nearly every one interviewed in Belgium seemed opposed to compulsory arbitration as a strike remedy, some going so far as to say that to take away from the wage-earner the right to strike, which would follow under compulsory arbitration, would lead to endless rioting if not to open rebellion.

Wage-earners opposed compulsory arbitration on the grounds that they could not hope for a fair deal at the hands of courts who, they believed, as a rule, are in sympathy with capitalistic employers; and employers opposed compulsory arbitration on the grounds that the State should keep its hands off labor disputes, and partly because they did not believe that the public would generally stand behind and support the court decisions, and partly because they did not believe that the court decisions could be enforced against a great body of workmen who, as a rule, would accept the decisions only if they happened to be in their favor. One exception to this point of view was Prof. Emile Waxweiler, Director of the Solway Institute of Sociology in Brussels, one of the greatest Belgian authorities on questions of this character.

He expressed the opinion that the only logical and ultimate remedy for strikes and lockouts is compulsory arbitration, and that it was only a matter of time when society would find itself obliged in self-defense to adopt this method in order to maintain industrial peace and to prevent the enormous economic losses, to say nothing of the physical suffering and misery to which countless innocent people are subjected by strikes and lockouts, many of which are the result of individual self-seeking or passion, or bad judgment, rather than a desire to obtain equity and justice for the many.

The organized wage-earners of Ghent who number about fifteen thousand, and who rank among the most intelligent workmen of Belgium, are another exception. This was the first organized labor body that I had met in all my travels through Europe which is in favor of compulsory arbitration. On mentioning this to the secretary, he answered that the Ghent wage-earners had for years carefully followed and studied the labor struggles of the British wage-earner, and they had noted that despite all the losses and all the sacrifices made on the part of the English workman in conducting his strikes, he was not much better off than he was in the beginning, and that the conclusion had been forced on the Ghent workman that on the whole the strike is not the way through which the wage-earner can hope to improve his condition, that the losses he suffers often more than offset his gains, and that labor disputes, like civil disputes, should be settled in a peaceful manner without needless loss to employer or employee. Existing conditions and general sentiment in Belgium make it very improbable that any attempt at legislation having compulsory arbitration for its end is likely to succeed. Professor Waxweiler and the Ghent labor unions in their views seem far in advance of the ideas of the rest of those in Belgium who are interested in labor problems. Some arbitration legislation is contemplated and is likely to be brought before the Belgian Parliament at an early day, but so far as I could learn, the proposed arbitration is to be purely voluntary in character, despite the fact that experience, the world over, has demonstrated that purely voluntary arbitration for the settlement of labor disputes has been a failure.

FRANCE.

The organization of labor in France is still in a very rudimentary condition. Sixty years ago, when trades unions in England were already free from legislative control, it was still an offense against common law for a handful of French workmen to take joint action with a view to obtaining better conditions from their employer; and it is only since 1884 that trades unions in France have been recognized. In some countries this might have been a sufficiently long period to permit of a fair amount of settling down; but the testimony of practically all the experts whom I have consulted shows that the conditions in France are peculiarly unfavorable to the efficient working of the machinery. The French workman's strong aversion to discipline and restraint tends, in the first place, to keep him outside of any organization, and the result is that the disciplined forces of labor represent only a small fraction of the great body of workers. Side by side with impatience of control there appears to be, in the French workman's character, a deep-rooted mistrust of those in authority, whether his own elected representatives or government officials. No real confidence is placed in any one man or small body of men. There are innumerable splits and dissensions, but there is little united action.

No other country in Europe faces so difficult a situation as does France in dealing with labor problems. This is due not only to the fact that politics and labor questions in France are hopelessly mixed, but also because of the peculiar temperament of the French employer and the French wage-earner.

The leading French labor leaders frankly admitted to me that the French workman is mercurial, excitable, impetuous, hasty, lacking in self-control, and, therefore, very hard to discipline. A most conservative and level-headed French labor leader said to me that the tendency of the French wage-earner is first to delegate power to his leaders, and then at the supreme moment to snatch it out of their hands. This peculiar temperament leads to many reckless and ill-advised strikes.

The attitude and the temperament as a rule of the French employer also adds no little to the difficulty of the situation. A leading authority on the question, says, "French employers and employees, as a rule, don't know each other and don't trust each other. Employers, as a rule, are unwilling to discuss with workmen, and workmen are unwilling to respect arrangments made in their name."

The result under these circumstances can not be otherwise than very strained relations between employers and their workmen.

SOCIALISM.

The labor question in France is hopelessly entangled with socialism, and socialism in that country stands for political action.

At the last general French election the Socialists cast 896,000 votes and they have to-day seventy-six representatives out of five hundred and eighty-four members of the lower house. This has brought about a tendency on the part of the French workman to devote his energies to politics rather than to economic unionism, and this in turn has led to much disappointment on the part of many socialistic wage-earners who expected much in the way of a betterment in their material conditions as the result of political action, and who now advocate the direct and sudden strike instead of looking for relief to politics. This strong leaning in the direction of the strike is encouraged by the anarchistic elements among the Socialists and the unionists.

WAGES.

The tendency of wages in France since 1906 has been upward in the printing and building trades, and either stationary or downward in all the other trades.

The average wage for an unskilled workman in Paris is eighty to ninety cents a day and for skilled labor from $1.60 to $2.00 a day. The average wage for all of France in the printing trades is ninety cents a day. The building trades pay sixteen to eighteen cents an hour, with ten hours work a day in summer, and about one hundred and ten hours work a month in winter. Pick and shovel men earn from 75 cents to $1.10 a day in the provinces. In Paris, owing to the extraordinary demand caused by the building of the subway, these workers have been receiving from $1.25 to $1.50 a day. Paris wages, however, are not a guide for the wages in France.

The secretary of the Labor Federation made the statement that in the making of clay pipes, for example, at Omar, a town about one hundred and twenty miles from Paris, a team of three, consisting of a man, woman and boy, will earn collectively but $5.60 a week, with a working day of twelve hours. A strike is now on in this industry for an increase in wages for the team of five cents a day. He also stated that women are employed in the provinces in making watch chains, for example, for which they receive twenty-five cents a day, while the same sort of work in Paris commands a wage of $1.50 a day.

HOURS OF LABOR.

The legal working day in France is twelve hours, though the iron workers have a ten-hour day, and the printing trades as the result of a national strike in 1906 have a nine-hour day.

COST OF LIVING.

All sides agree that the cost of living in France has increased materially, some authorities placing the increase at from ten to fifteen per cent, and some putting it as high as from twenty-five to thirty per cent. Figures published during my sojourn in Paris by the Assistance Publique, or Poor-Law Department, which manages the public hospitals and is consequently a very large buyer of all kinds of food supplies, show that the cost of living for foodstuffs has increased by eighteen per cent during the last four years.

LABOR UNIONS.

The situation in France of labor unions is unlike that of any other country in Europe. The governmental attitude toward labor unions seems eccentric and illogical. To illustrate: On the one hand we find the municipality of Paris, so far back as 1891, erecting a splendid and costly labor temple, which has since been occupied by two hundred and fifty labor unions, not only free to them of all expense, but with an annual subsidy of $22,000 for the conduct of a free labor bureau. This would indicate that the political authorities are in sympathy with organized labor, and desire to aid and encourage it. On the other hand, however, labor unions are not permitted under the law to own property. The only explanation offered for this strange attitude is that the authorities fear that the ownership of property would give too much strength and power to the unions.

The absurdity of this provision seems to have forced itself on the attention of legislators, some of whom are now endeavoring to have this law repealed, but strange to say, labor unionists, as a rule, do not want the law changed. They prefer that unions shall not own property in order to remain legally irresponsible.

It is difficult to get reliable information about the actual strength of labor unions in France. The government depends for its information upon the unions, who in recent years have adopted the policy of either withholding or giving misleading information in order to hide their real strength. However, from statements made to me by labor union secretaries, it is safe to say that there are from 800,000 to 900,000 organized wage-earners in France, out of which number there are, perhaps, 500,000 in the General Federation of Labor.

The increase in the membership of the General Federation of Labor for this year of 140,000 has been unusually large, due to the fact that 50,000 coal miners enrolled themselves as members. Even the opponents of unionism in France concede that it is growing, but some of them maintain that such growth is not so rapid as in other countries.

The labor unionists in France are far more revolutionary than those of Germany or Italy, and their more recent aggressive methods in

endeavoring to obtain favorable labor legislation and to enforce their demands upon employers, have at times led to serious riots, all of which have tended to antagonize public sentiment and to create a growing hostility toward organized labor.

The claim is made by employers that French labor leaders strive to foment trouble by frightening employers and by dominating labor. The further claim is made by employers that there are those among the "Reds" (the Socialists) who are constantly preaching to wage-earners that they should diminish their output—

a. Because they say that a small wage deserves only a small effort.

b. To make work for more hands.

c. In order to cripple and ultimately destroy capitalistic industries, and thus sooner pave the way for socialism.

As a rule, employers do not recognize the labor unions and persistently refuse to deal, or to discuss matters with their representatives.

EMPLOYERS' ASSOCIATIONS.

During the past three years there has been a very pronounced movement on the part of employers to organize in order collectively to meet strikes. Several mutual strike insurance associations have been organized among employers. One of these associations within two years has accumulated a strike fund of $3,000,000, and another association carries strike risks of over $7,000,000. When an employer has a strike he is allowed, during the life of the strike, a daily amount to cover his operating expenses, minus the pay roll of the strikers.

It is claimed that the organization of employers and the existence of the strike insurance fund have had an important influence in restraining what would otherwise have been many reckless and unwarranted strikes.

CLOSED SHOP.

The "closed" shop, that is, the shop where union workmen exclusively are employed, is hardly known in France. Every shop, as a rule, is "open," and the employer engages union or nonunion help at his pleasure.

PIECEWORK.

Piecework has been introduced in more recent years with seeming success. The managing director of one of the largest iron works in France made the statement that he had adopted the piecework system with the result of an increased labor efficiency of fully thirty-three per cent.

COLLECTIVE BARGAINING.

Individual bargaining between employer and employee seems to be the rule in France. Collective bargaining has as yet made little progress, and by many employers is regarded as impracticable in France, due for one reason to the fact that under the law labor unions

are forbidden to own property, thus destroying their financial responsibility. The printing trades are an exception to this rule. In 1906 they entered into a five years' collective contract with their employers, which thus far has been faithfully observed.

STRIKES.

Strikes in France have steadily increased. Mons. Calliard in his report to the Labor Committee of the Chamber of Deputies, December 27, 1907, calls attention to the following comparative facts:

	No. of Strikes.	No. of Establishments.	No. of Strikers.
1897	356	2,568	68,875
1907	1,275	8,364	197,894

Before 1899 the average yearly strikes in France were 438, involving 79,000 strikers. From 1899 to 1906 the average yearly strikes numbered 801, involving 192,000 strikers.

He (Mons. Calliard) makes the statement that one explanation for this increase in the number of strikes is the fact that the anarchistic elements among the wage-earners have largely joined the labor unions since 1899. This element regards the strike as the chief means of education toward political revolution. While not disdaining partial strikes they prefer general strikes as conducive to more speedily bringing on a general revolution.

The Anarchists, Calliard goes on to point out, use economic questions as pretexts for strikes, their main purpose being political revolution. He calls attention to the fact that through the agitation of the anarchistic element among the labor unionists, a general strike throughout France was declared for an eight-hour day on May 1, 1906; 295 strikes took place on that day involving 202,507 workers and causing a loss of 3,507,033 days of labor, with disastrous results to labor and to many of their unions.

Another cause for strikes is the attitude of the French employer who, as a rule, follows the policy of treating labor aggressively instead of in a conciliatory manner. Yet another cause for the excessive number of strikes is the lack of any restraining influence on local labor unions.

In the United States, as a rule, a local union can not declare a strike without the approval of the central body. This has been found to be a powerful restraining influence on the hotheads of local organizations. In France, as a rule, a majority of those present at a meeting can declare a strike without reference to the central body, which, however, is obliged to support the strike, even though the strike in its judgment may have been ill advised and unwarranted.

In the electrical labor union the conditions are even more radical, the power to declare a strike being placed in the hands of a secret committee of three, who are supreme in the matter, and whose orders must be obeyed.

These methods lead to numerous strikes being declared as a result of passion rather than reflection, and in a measure explain why so many strikes in France fail, as is shown, for example, by the following report for the month of April, 1908, the latest available record:

Strikes won	12
Strikes compromised	36
Strikes lost	51
Total number of strikes	99

It is interesting to note the remedy for this condition offered by some of the different parties in interest. The remedy suggested by one prominent labor leader was that employers should modify their harsh attitude toward employees. The remedy suggested by one employer was that all employers should refuse to deal with any but their own employees.

Yet another employer stated that what he had found to be an efficient remedy was to divide his workers into logical groups and to ask each group to appoint delegates with whom he was ready and willing to deal, and who were to be the only parties he would recognize.

ARBITRATION.

Arbitration, voluntary or compulsory, has comparatively few advocates among French employers or employees. The French employer does not take kindly, as a rule, to the idea of arbitration because this involves the acknowledgment on his part that labor has a right to a voice in determining wages and hours of labor. It seems most difficult for the French employer, as a rule, to bring himself into a frame of mind that will concede this right.

Wage-earners seem to be averse to arbitration on the theory that the arbitrator with whom would rest the final decision in labor disputes, would be apt to belong to the class in sympathy with employers, and hence the wage-earner would not be likely to get a square deal.

The unfavorable attitude of both sides to arbitration is emphasized by the fact that in 1892 a law was enacted which provides that in labor disputes the local magistrate may intervene as a conciliator and arbitrator. The law, however, has remained practically a dead letter as neither side has, as a rule, availed itself of this medium for the peaceful settlement of their differences.

The marked difference between the attitude of American labor unionists and French labor unionists in labor disputes lies in the American policy of resorting to the strike only after every effort for conciliation and arbitration has failed, and the French policy of using the strike as an immediate resort if the employer refuses promptly to grant the concessions demanded.

Employers and labor unionists in France are a unit in their opposition to compulsory arbitration in the settlement of labor disputes. Labor

is opposed to it because it claims it would rob it of the right to strike, which it regards as its chief weapon of defense. Employers are opposed to it because they resent any interference in labor disputes on the part of the State, and because, as was pointed out by the editor of the *Labor Record,* published by the Ministry of Labor, a judge in deciding civil cases is aided by the law, whereas, in cases of arbitration, he has no such guide, and hence it is almost impossible for the arbitrator to render equitable decisions.

Despite the pronounced opposition to State intervention in labor disputes on the part of employers and wage-earners, strikes are growing so numerous and so threatening in their revolutionary character in France that the political party in power contemplates introducing a bill at the next session of Deputies having a mild species of compulsory arbitration in view. This measure is known as M. Millerand's bill for the amicable settlement of disputes regarding labor conditions.

The bill provides that where the employer does not accede to the demands of the workers, the latter shall state their claims in writing. The employer shall within forty-eight hours send a written reply giving the names of the arbitrators he selects. Failing in this, the wage-earners may legally declare a strike.

If, on the other hand, the employer names arbitrators, the workmen in turn shall within forty-eight hours make known the names of the arbitrators chosen by them. If the decision of the arbitrators be not made known within six days, the workmen may legally strike. No strike to be declared unless a secret ballot has been taken. A strike being declared, the labor council (which is a body consisting of representatives of employers and employees, previously elected by their respective sides) shall be called in to settle the dispute, and their finding shall rank as an arbitrator's award.

A failure to abide by the decision shall be penalized by the loss for a period of three years of the right to vote for, or to be elected as the representative of any labor body, or chamber of commerce, or commercial courts, or the superior labor council. In case of a second offense the loss shall be for six years.

The party in power, which is fathering this measure, having a majority in the house, it is believed that the bill will carry.

The fact, however, that while a penalty is provided for a failure to abide by the decision of the arbitrators, this penalty is so mild in character as likely to have little or no restraining influence, and the further fact that no penalty is provided for a failure on the part of employers or employees to observe the initial steps in the proposed settlement of the dispute, would make it plain that the measure, should it become law, is likely to prove inefficient and ineffective.

ENGLAND.

One can not investigate the labor laws and labor conditions in England without soon discovering that British workmen and employers have long since passed through the stages now being experienced by both in other European countries. The fact is speedily forced on one's attention that most continental countries, in the matter of dealing with labor problems, are to-day where England was, say, forty years ago. The English wage-earner, as a rule, is far more amenable to reason than is his fellow-worker on the continent. While the English worker can not be driven, and, so long as he believes himself in the right, fights with a bulldog tenacity, yet when his reason is appealed to and the right way pointed out, he is, as a rule, easily led by those in whom he has confidence.

LIVING CONDITIONS OF BRITISH WORKMEN.

The conditions under which the British workman, as a rule, lives are better than are the conditions generally under which the continental worker lives. The English policy of free trade means cheap and abundant food for its people, due to the fact that the food producers of every clime are in constant competition with each other for the English trade. Most continental countries, on the other hand, having large agricultural interests, have deemed it essential to establish for their protection high tariffs against foreign foodstuffs, thus enhancing the cost of living of their wage-earners.

While there are yet tens of thousands of British workmen, especially among the nonskilled, who live in congested and unsanitary districts in the large British cities, such as London, Glasgow, Liverpool, and Manchester, there are many other tens of thousands who are more comfortably housed than are the continental wage-earners. Even in thickly populated London miles upon miles of streets are lined with wage-earners' cottages where, at a reasonable rental, each one may live, with his family, under comfortable and sanitary conditions. Single cottages for wage-earners are almost unknown in the large continental cities where great numbers of workingmen are housed in tenements with but two, and rarely three, rooms to a family, however large the family may be.

LABOR UNIONS IN POLITICS.

Some fifteen years ago the tendency began on the part of British labor to enter politics as an independent political body. To-day the

wage-earners have fifty-seven representatives out of a membership in Parliament of six hundred and seventy. While these labor representatives differ radically on many political issues, yet when it comes to labor legislation, as a rule, they vote as a unit. Thus, often by holding the balance of power, they have been able to obtain much legislation in recent years favorable to labor. The most notable achievement along these lines was the passage by Parliament of the "Trades Disputes Act" of 1906, section four of which reads as follows: "An action against a trade union, whether of workmen or masters, or against any members or officials thereof on behalf of themselves and all other members of the trade union in respect to any tortious act alleged to have been committed by or on behalf of the trade union, shall not be entertained by any court." Mr. D. J. Shancleton, labor member of Parliament, who was chiefly instrumental in passing this measure through Parliament, which absolutely exempts the funds of labor unions against court judgments, informed me that Parliament was persuaded to pass this law, radical as it is, because he had been able to prove to its satisfaction that employers were violating the statute against blacklisting. This measure was therefore enacted in order to give workmen a counter protection.

CHARACTER OF BRITISH LABOR LEADERS.

It is interesting to learn of the exceeding care exercised by the British labor unionist in the selection of his trade union officials and political representatives. Such a scene would have been impossible in England as was witnessed some years ago in the city of New York, when the notorious Sam Parks, the corrupt labor leader, convicted of taking bribes in consideration of his declaring strikes in order to injure rival contractors, immediately upon his release from prison was welcomed by many trade unionists as a hero and a martyr, chosen as marshal of the Labor Day parade and greeted en route by deafening cheers from labor admirers and labor sympathizers. Nor would it have been possible in England to elect for a second and a third term, to high public office, largely by labor votes, such a notorious scoundrel and bribetaker as Eugene Schmitz, the ex-mayor of San Francisco, or his coterie of bribetaking labor union board of supervisors, who, by their infamous and corrupt conduct, dragged the good name of organized labor through the gutters, and in the minds of many of their fellow citizens and in the minds of many in foreign lands, tended to establish an unfavorable opinion of American labor unions in general.

While at a gathering at which happened to be present a number of directors and also the general manager of one of England's largest railway lines, I had occasion to mention that I had just come from an interview with the secretary of the Amalgamated Railway Employees'

Union. All present commented upon the secretary's high character, fair-mindedness and spotless integrity. They said these things despite the fact, as they themselves explained, that at times they differed most radically with him on the questions of wages, hours of labor, etc.

Without exception the opinion of all the employers and officials whom I met while in England was to the effect that British labor leaders are tried men who, because they are honest and dependable, have the confidence of employers and workmen. Even opposing employers freely admitted that British labor leaders have developed into able diplomats and business men of high order. In this connection ex-Prime Minister, A. J. Balfour, is quoted as saying: "Trade disputes in England have been carried on with a wisdom and moderation on both sides which can not be paralleled by any other industrial community. Surely it must be admitted that these admirable results are in no small degree due to the statesmanship, the moderation and the wisdom which have, on the whole, guided the leaders of the trades unions in dealing with the difficult problems which must from time to time arise in industrial society."

Graft and grafters find no lodgment in British labor unions. This, together with the care and the good judgment exercised in the selection of honest and capable leaders, has won the esteem and the respect of the British public for the labor movement and has added much to its influence and usefulness.

WAGES IN GREAT BRITAIN.

The latest British government report shows that in 1906 and in 1907 wages increased in every group of trades, but that this upward tendency was arrested early in 1908.

According to the fifteenth report of the British Labor Department for 1907 the prevailing wages in England in various industries were as follows:

Compositors	$9.00 per week.
Bookbinders	$7.75 per week.
Bakers	$9.25 per week.
Dock laborers	16 cents per hour.
Street car conductors	10 cents per hour.
Street car motormen	$1.18 per day.
Laborers	$5.00 per week.
Painters	$6.75 per week.
Letter carriers	$4.50 to $7.50 per week, according to length of service.
Policemen	$8.50 per week.
Farm laborers	$4.00 to $5.00 per week.
Iron founders	$10.00 per week.
Carpenters	18 cents per hour.
Bricklayers	20 cents per hour.
Plumbers	20 cents per hour.
Plasterers	16 cents per hour.

(Fifty hours constitutes a week's work.)

According to the same report the sliding scale of wages which for years prevailed in some industries, notably in coal mining, is going out

of favor on the theory that wages should not be dependent on selling prices.

The depression of 1908 led to the cutting of wages in the iron, ship building and textile industries, and some railway lines have posted notices that a cut in wages is to go into effect on January 1, 1909.

COST OF LIVING IN ENGLAND.

The cost of living in England has increased in recent years, though not in so marked a degree as in other European countries. There has been an increase in wage-earners' rentals, estimated at from ten to twenty per cent, during the past two or three years, and, according to the latest government reports, issued by the board of trade, there has been the following percentage of changes in retail prices during the past ten years, of twenty-three principal articles of food in London:

1897	96.2 per cent.
1900	100.0 per cent.
1907	105.7 per cent.

The average increased cost in ten years was 9.87 per cent. The twenty-three articles are bread, flour, beef, mutton, pork, bacon, butter, eggs, milk, cheese, potatoes, currants, raisins, rice, tapioca, oatmeal, tea, coffee, cocoa, sugar, jam, treacle and molasses.

TRADE UNIONISM IN GREAT BRITAIN.

According to the statement of the secretary of the British Labor Federation there are 15,000,000 industrial workers in Great Britain, of whom 2,500,000 are unionized. It is claimed by trade union representatives that unionism is steadily growing in Great Britain.

Unlike on the continent there is no hostility in Great Britain toward labor unions and British employers, as a rule, recognize and deal with labor union representatives. The exceptions to this rule are occasional individual employers.

The consensus of opinion among British labor authorities is that the relations between British employers and their workmen are growing more cordial, due partly to the methods of conciliation which are steadily growing, and due, as maintained by others, to labor going into politics and thus being brought into closer contact with employers.

BRITISH EMPLOYERS' ASSOCIATION.

Employers' associations are said to be growing in Great Britain in greater ratio than workmen's associations. One of the prime purposes of such associations is to meet and deal with strikes. Strike insurance fraternities among British employers are now nearly fifteen years old.

Labor seems to look with satisfaction upon these employers' associa-

tions, since it takes away the employer's claim that he wants to deal with his men individually. It also obviates, it is claimed, unpleasant personalities. As a rule, the employers' associations secure the services of an attorney to act as secretary.

CLOSED SHOP.

The "closed shop," that is, the shop where only union workers are employed, prevails wholly among the engineers, the printing trades and the textile industry.

COLLECTIVE BARGAINING.

Again, unlike the conditions prevailing on the continent of Europe, collective bargaining is the common practice in Great Britain and generally prevails. Much value has been added to the practice of collective bargaining, and the making of contracts between employers and their workmen for extended periods, because of the fact that the British workman, as a rule, is not a contract breaker, and the employer knows that a contract once entered into with labor unionists, even if it should later prove to them disadvantageous, will, in all likelihood, be respected and kept.

THE UNEMPLOYED.

The depression of 1908 has led to a great army of unemployed. The problem has demanded the greatest judgment and statesmanship on the part of the administration. Extensive public improvements have been entered upon with the view of lessening so far as possible the consequent distress.

The General Federation Trade Union, in its report for 1906-1907, strongly urges, as a preventive for unemployment, the policy of regulating and shortening hours during slack times in order to minimize this evil.

STRIKES.

The most serious strikes in Great Britain in recent years, barring the cotton trouble in October, 1908, have been in the ship building trade.

Great Britain is the only country in Europe that I have investigated where strikes are on the decrease. As an illustration of the marked influence conciliation and arbitration in Great Britain are having in avoiding industrial strife, the following figures are quoted from the Government Report of 1907 on Strikes and Lockouts:

	Number of disputes.	Work people involved.	Duration of working days lost.
1897	864	230,267	10,345,523
1907	601	147,498	2,162,151

It will be noted that in the last ten years the number of disputes has diminished by 34.40 per cent, the number of workmen involved has been decreased by 36.03 per cent, and the number of working days

lost, which after all is the correct unit to be considered, has been reduced by 79.10 per cent. This is the most remarkable record of any country I have thus far investigated.

When the increase by leaps and bounds is considered of strikes and lockouts in most other important industrial countries of Europe, with their consequent enormous cost and accompanying misery and suffering imposed on armies of workers and their dependents, this British strike record is a most powerful argument in favor of the progressive methods pursued in Great Britain in recent years along the lines of conciliation and arbitration.

British labor authorities, gratified as they must be with the admirable showing made in the diminished number of strikes and lockouts in the last ten years, are, however, looking forward to the time when Great Britain may be able to point to a clean slate, and when not a single day's labor will have been lost because of a labor dispute.

STRIKE REMEDIES.

Various remedies were suggested for the further diminishing of British strikes and lockouts. Socialists, such as Kier Hardie, expressed to me the opinion that the final remedy is socialism, and that, pending the general acceptance of this remedy, relief lies in stronger organization on the part of labor. Other Socialists, such as Sydney Webb, believe that a most potent factor for the further diminishing of strikes and lockouts is for the State to intervene to the extent of fixing a minimum wage for every industry, less than which wage it should be a penal offense for the workmen to accept or for the employer to pay. The Right Honorable John Burns, labor leader and Cabinet Minister, said to me that in his opinion the remedy lies in voluntary arbitration. Secretary Appleton of the British Federation of Labor expressed the opinion that the best remedy is the frank recognition more generally of employers and workmen to the right of collective bargaining. The Right Honorable Winston Churchill, Cabinet Minister and President of the Board of Trade, which corresponds to our Department of Commerce and Labor at Washington, D. C., made the statement that, in his opinion, the struggle between capital and labor is eternal, and that perpetual industrial peace can never be established. Dr. Shadwell, the labor editor of the London *Times*, said that, in his opinion, the remedy lies in strong counter organization, so that one side may better hold the other in check and by its powerful organization have a strong restraining influence on the other. Another distinguished English journalist, the editor of the London *Chronicle*, gave it as his opinion that the tendency of labor to achieve its ends seemed to be in the direction of electing representatives to Parliament rather than through strikes. Sir Charles Furness, one of England's great shipbuilders,

believes the remedy lies in copartnership, and has shown his faith in such remedy by offering to sell to his workmen shares of stock in his enterprise and accept deferred payments at the rate of five per cent of the weekly wage, with the understanding, however, that there must be no strikes or lockouts. This offer has been accepted by his employees. Richard Bell, member of Parliament and a labor leader, expressed to me the opinion that further relief must come along the line of compulsory inquiry.

THE VALUE OF BRITISH PUBLIC OPINION IN RELATION TO STRIKES AND LOCKOUTS.

The Right Honorable John Burns placed little value on the influence of public opinion in its effect on strikes and lockouts. He maintained that the great growth during the past fifteen years of employers' associations and labor unions has tended to make both more and more indifferent to public sentiment, which he, for one, regarded as a negligible factor in labor disputes. This opinion was shared by Dr. Shadwell, the labor editor of the London *Times,* and one who is regarded as an eminent authority on labor questions.

As against these opinions are those, however, of such men as Richard Bell, member of Parliament and secretary of the Amalgamated Railway Employees' Union, the Right Honorable Thomas Burt, for forty-three years secretary of the Northumberland Coal Miners' Association, Sir Albert Slicer, president of the London Chamber of Commerce, George Howell, Esq., ex-member of Parliament and an acknowledged British authority on labor questions, whose contention is that public opinion, as a rule, is the ultimate deciding factor in strikes and lockouts, C. G. Hyde, Esq., member of Parliament and a great British contractor, Robert Donald, editor of the London *Chronicle,* and others, all of whom expressed themselves as regarding public opinion in the matter of strikes and lockouts, more especially when taken in connection with a public utility, as a factor of great force.

CONCILIATION AND VOLUNTARY ARBITRATION.

Great Britain, because of its splendid record and its achievements along the line of conciliation and arbitration in labor disputes, may be rightly regarded, among the countries I have thus far investigated, as the nursery for peaceful methods of adjusting labor difficulties. The first great step along these lines was taken by the London Chamber of Commerce which, shortly after the great strike of dock laborers some seventeen or more years ago, on the initiative of Sir Samuel Boulton, began a movement for the peaceful settlement of labor disputes, which has upset all preconceived notions of conciliation and arbitration methods, and which has proven an unqualified success.

It was the opinion in Great Britain then, as it is the opinion in most places to-day, that in the adjustment of labor disputes by arbitration there must, as a rule, be three parties (*a*) representatives for each disputant; and (*b*) a third party to act as chairman and referee and to give the casting vote. The chamber of commerce adopted an entirely new principle and eliminated the third factor, namely, the referee or deciding member. By consultation with the trade unions two panels were elected of twelve members each, one panel from among the members of the chamber of commerce and the other panel of twelve members from among the trades unions. Every dispute brought before the chamber of commerce was referred to a committee of one or two, or a greater equal number, of jurors chosen from each of these two panels. No member chosen, however, had any direct interest in the dispute in hand.

For seventeen years these committees, separately chosen for each case, have acted on all disputes brought before them with the remarkable record that their decisions, without exception, have been unanimous, and with the still more remarkable record that, without exception, their decisions have been accepted and carried out in good faith in every case by both parties to the dispute. The labors of the chamber have been confined to disputes arising in Greater London.

In addition to the foregoing movement, Parliament, in 1896, passed a conciliation act empowering the board of trade, which, as previously explained, corresponds to the Department of Commerce and Labor at Washington, D. C., to appoint a conciliator in trade disputes and an arbitrator at the request of both parties.

When contestants will not listen to arbitration, the board of trade usually sends a high grade man as conciliator, who talks separately with each party in the hope of reaching a common ground. Sometimes this plan succeeds. Where it fails the department will send a representative on the ground, who makes the best possible report based on whatever information he finds available, and this report is published for the benefit of the public.

As an illustration of the way the board of trade sometimes finds it essential to operate may be cited, as a case in point, the action it took in 1907 in averting what threatened to be the greatest railway strike in the history of the United Kingdom.

A demand was made by the representative of the Amalgamated Railway Employees' Association for a number of concessions, including an increase of wages, a shortening of hours and recognition of the amalgamated association. The railway companies firmly refused to consider the demands. A referendum vote was finally taken by the amalgamated association on the question of going out on strike, which carried by an overwhelming majority. The public became greatly alarmed for

fear of the traffic of the United Kingdom becoming seriously crippled, if not paralyzed, for an indefinite period. The outlook grew so serious that the Right Honorable Lloyd George, then the president of the board of trade, personally assumed the rolê of conciliator and interviewed separately the representatives of each side. At first he found the situation apparently irreconcilable, the chief point of difference being the question of recognizing the amalgamated association, which the railway companies absolutely refused to consider, though quite ready and willing to deal with the separate railway unions. The strike seemed apparently inevitable and Mr. George found himself obliged to abandon his hope of at least bringing the two contending parties face to face. As related to me by one of the railway managers, Mr. George then invited the railway managers to meet him collectively in one of the board of trade rooms, and at the same time invited the labor representatives to meet him in another one of the board of trade rooms. After spending hours in going from one room to the other, and getting first one concession from one side and then another concession from the other side, he gradually arrived at a common ground upon which a compromise settlement was effected. The railway companies remaining immovable in their determination not to recognize the amalgamated association, it was finally arranged that a separate agreement should be made between the railway companies and the board of trade, and also between the amalgamated association and the board of trade, both parties binding themselves to the board of trade to choose conciliators from among themselves to whom were to be submitted all grievances for adjustment relating to hours, wages, etc. In the event of the conciliators failing to reach an understanding the matters were to be settled by arbitration, the board of trade to appoint the arbitrators, whose award was to be binding on both parties. These agreements were to hold good for a period of seven years. In this wise was averted what might have proven one of the most disastrous strikes in the railway history of the United Kingdom.

These slender means of intervention, says the Right Honorable Winston Churchill, president of the board of trade, have been employed in cases where opportunity has offered, and the work of the department in this sphere has considerably increased in recent years. In 1905 the board of trade intervened in fourteen disputes and settled them all; in 1906 they intervened in twenty cases and settled sixteen; in 1907 they intervened in thirty-nine cases and settled thirty-two; while during the first eight months of 1908 no fewer than forty-seven cases of intervention have occurred, of which thirty-five have already been settled, while some of the remainder are still being dealt with.

Believing that the time has now arrived when the scale of these operations deserves the creation of some more formal and permanent machinery, he has decided to set up a standing court of arbitration.

Accordingly, early in October, 1908, he nominated three panels of about fifteen members each, the first panel (of chairmen) being persons of eminence and impartiality, the second panel being drawn from the "employers' class," and the third panel from the class of workmen and trade unionists. The court will sit wherever required, composed of three or five members, according to the wishes of the parties, with fees and expenses to the members of the court and the chairman during the sittings. This court will be nominated from the foregoing three panels by the board of trade.

Many in England look with favor on this new plan and have great hopes of it achieving large and important results in further reducing the number of strikes and lockouts. In the opinion of some of the members of the London Chamber of Commerce, who have had long experience with their own peculiar plan herein described, the probable point of failure in the new board of trade scheme will be the panel comprised of persons of eminence and impartiality from whom the chairmen are to be chosen. In the opinion of the expert critics of the London Chamber of Commerce the plan would be much stronger and likely to prove more efficacious if, in accordance with their own plan of operations, there were but two panels out of which the court was to be chosen—employers and workmen.

The most important factor, however, in the progress made along the lines of conciliation and arbitration has been the attitude of the British labor unions themselves. Article 3, rule 1 of the by-laws of the General Federation of Trade Unions reads: "It is the purpose of the General Federation to promote industrial peace, and by all amicable means, such as conciliation, mediation, reference, or by the establishing of permanent boards, to prevent strikes and lockouts between employers and workmen, or disputes between trades or organizations; where differences do occur to assist in their settlement by just and equitable methods."

Nor have these been idle words used for "dress parade" purposes. The British Federation of Trade Unions has, as a rule, acted up to the very spirit of this by-law, and has left nothing undone to settle labor disputes peacefully.

As the result of these various movements eighty-nine boards of conciliation and arbitration took action in 1907. The number of cases considered were fifteen hundred and forty-five, out of which six hundred and sixty-eight were settled without stoppage of work. Only seven cases involved a stoppage of work. In seven hundred and seventy-eight cases the questions in dispute were either withdrawn or settled independently, eighty-eight cases being still under consideration at the close of the year.

At this writing there are, according to the latest government report,

two hundred and nine boards of conciliation and arbitration in the United Kingdom.

The last report of the Board of Trade for 1907 states that 58.80 per cent of workers' wages have been changed through the medium of conciliation. As an illustration of the growth in the last ten years of conciliation as a means for the peaceful adjustment of questions of wages, the following comparative statement is taken from the 1907 report of the Board of Trade:

Year.	Number.*	Percentage.
1898	32,514	3.2
1907	732,768	58.8

COMPULSORY ARBITRATION.

I found but one labor authority in my British investigations who favored compulsory arbitration: The Honorable Mr. Pember Reeves, High Commissioner for New Zealand, through whose efforts, while Labor Minister in New Zealand, the compulsory arbitration laws of that colony were passed in 1895. To him it seemed passing strange, if not incomprehensible, why British wage-earners should oppose compulsory arbitration with the record before them in New Zealand of an increase in the trade union membership under compulsory arbitration of from ten thousand to thirty-three thousand. He acknowledged that some weak spots had broken out in the New Zealand laws during the past year, but he maintained that the New Zealand legislature was earnestly at work strengthening these weak spots, and that he was confident that they would succeed in so amending the existing law that every decision of the court of compulsory arbitration could be successfully enforced against employers and workmen.

I found, however, that Mr. Reeves stands practically alone in this opinion. All the other labor authorities that I was enabled to meet while in England gave it as their unqualified opinion that no compulsory arbitration law could be framed that would compel men to go to work when they did not want to work, and that a compulsory arbitration law was of no practical value, if labor, as well as capital, could not be compelled to abide by the court decisions, and that, in any event, so far as their opinions went, compulsory arbitration in the United Kingdom was neither desirable nor practicable.

There seems, however, to be a growing interest on the part of the British employers and workmen in the matter of compulsory inquiry in dealing with cases where one side or the other, or both, are not amenable to conciliation and arbitration. It is along these lines that I hope to make further investigations when I reach those great experimental grounds for modern and progressive labor legislation, Australia and New Zealand.

*Number of wage-earners whose wages were arranged by conciliation boards, mediation and arbitration.

VICTORIA, AUSTRALIA.

The commonwealth of Australia is composed of the six following states: New South Wales, Victoria, Queensland, South Australia, West Australia, and Transmania. The estimated population of the commonwealth at the end of 1907 was 4,197,037. This, with its area of 2,974,581 square miles gives it a population of 1.41 persons to the square mile against a population of 28 persons to the square mile in the United States. The most densely populated states in the Australian commonwealth are New South Wales, with its 1,568,942 people in 1907, and Victoria, with its population for the same year of 1,248,095.

These two states are also the most important in the commonwealth, commercially and industrially. By confining the time at my command to investigating the labor laws and labor conditions in these two chief centers, I feel I have been able to get a more comprehensive knowledge of such Australian labor laws and labor conditions as are likely to prove helpful to California than if I had attempted to spread my time over a wider and thinner area in the commonwealth.

I shall deal first with the State of Victoria, because it was the first government to legislate on labor questions, and in some directions it has been the pioneer, leading the way in industrial legislation for other Australasian governments.

THE CONDITIONS OF LIFE OF THE AUSTRALIAN WORKER.

The conditions under which the Australian wage-earner lives are most favorable. He enjoys a most salubrious climate, where neither extreme heat nor extreme cold need be provided for. He can work out in the open, rains excepted, most every day in the year. The health of his people is most excellent, the death rate of Australia, 10.8 per thousand, next to New Zealand, being the lowest in the world, and living in one of the greatest food producing countries, he commands good and abundant food at a most moderate cost, while his wage rates, next to America and New Zealand, are the highest in the world. These favorable conditions, combined with his thrift, sobriety, high intelligence and law-abiding qualities, place him among the world's wage-earning aristocracy.

POLITICAL ACTIVITY OF LABOR.

In more recent years through the growth of unionism, the wage-earners have as a labor party taken a most active interest in the

political affairs of the country. At this writing there are now but two political parties in the commonwealth of Australia, the Labor party and the Coalition party, which latter consists of the free traders and the protectionists, who within this past week have united in order to oust the Labor administration from power, after it has been occupying the administrative saddle for many months, where it surprised its enemies and gratified its friends by the wisdom and conservativeness of its administration.

CHARACTER OF AUSTRALIAN LABOR LEADERS.

The Australian labor leaders have shown unusual ability and high integrity and when placed in political power, have commanded the respect of even their political opponents, by their honesty, their earnestness and the fidelity displayed to their public trust.

TRADE UNIONISM AND LABOR LEGISLATION.

The history and scope of Victorian trades unions and labor legislation is briefly told in the Commonwealth Yearbook for 1909, from which I take the following:

DEVELOPMENT OF TRADES UNIONS IN AUSTRALIA IN GENERAL.

(Official Yearbook of Australia, p. 104.)

In Australia, industrial unionism paved the way to industrial legislation. Conditions of employment were on the whole favorable to the investigation of industrial problems and the experimental legislation was possible because of the simplicity and and directness of aim of those engaged in industrial occupations. Moreover, the nonexistence of the complexity of the problems and of the organizations of the older countries did not impose the difficulties that might otherwise have operated. Hence also rapid changes in the laws governing industry occur and are likely to occur. To a great extent the trades unions were responsible for these laws. They steadily and continuously urged an amelioration of the condition of the workingman, and by organization and discipline they presented a united front to opposing forces and obtained many advantages by a recognition of the principle that union is strength. Their efforts have resulted in improved conditions, particularly short hours and a healthier mode of life. One great aim of present day industrial legislation has been said to be to extend "The reasonable comforts of a civilized community" to those engaged in every branch of industry. Large organizations have been able to obtain their ends by force of numbers, and, in the case of the great bulk of the artisan and similar classes, through the solidity of their unions. The smaller and less perfectly organized industries, unable to maintain an effectual struggle with hope of success, are now receiving, by legislative enactment, the benefits already secured to trades unions.

While the demands of the early unions have almost in their entirety been conceded by the employers, unionism nevertheless continues. Industrial legislation has not yet reached the stage when the conflicts between employer and employee cease. A numerically strong union will sometimes obtain its end by the threat and sometimes by the fulfillment of the threat of a strike.

(Yearbook, p. 1049.)

The first Melbourne eight-hour procession was held in 1856, the trades taking part being the masons, bricklayers, carpenters, joiners, plasterers, painters and slaters. In the following year about 700 men took part in the function, but the principle of the eight-hour day had been recognized, and new unions were quickly established under the influence and guidance of the pioneers of the movement.

(Yearbook, p. 1064-6.)

Two systems, based on different principles, exist in Australia for the regulation of wages and general terms of contracts of employment. A "wages boards" system exists in New South Wales, Victoria, Queensland, and South Australia, and an arbitration court in Western Australia. In New South Wales the Industrial Arbitration Acts of 1901 and 1905 instituted an arbitration court. This court expired on June 30, 1908, having delivered its last judgment on the previous day. Wages boards were substituted under the Industrial Disputes Act, 1908. There is also the arbitration court of the commonwealth, which has power, however, to deal only with matters extending beyond the limits of a single state.

Wages Boards.—This system was introduced into Victoria by the Factories and Shops Act of 1896. The original bill made provision only for the regulation of the wages of women and children, but was afterwards amended in Parliament to extend the system to adult operatives of both sexes.

The act of 1896 made provision for the regulation of wages only in the clothing and furniture trades, and in the bread-making and butchering trades. By the act of 1900 the operations of the act were extended to include all persons employed either inside or outside a "factory" or "workshop"—section 4, i. (*a*)—in any trade usually carried on therein. This section is now in the act of 1905. An act of 1907 extended the system to trades and businesses not connected in any way with factories, making provision for the appointment of wages boards for shop employees, carters and drivers, persons employed in connection with building and quarrying, or the preparation of firewood for sale, or the distribution of wood, coke or coal. It is proposed to extend the system to mines, provisions to do so being made in the mines bill introduced into Parliament.

The regulation is made by a board, called a special board, to distinguish it from the board of health. Boards for the regulation of wages in the trades specified in the act of 1896 are appointed as a matter of course, and by the executive other boards are appointed only if a resolution for appointment be passed by both houses of Parliament. A board consists of from four to ten members who must be or must have been at a recent time prior to the appointment engaged in the trade concerned. Employers and employees are equally represented. If one fifth of the employers or the employees object to a representative nominated for them they can elect one. Originally the board was elected in the first instance, but the difficulty in compiling the electoral roll led to the adoption of the present system, which has proved satisfactory. The furniture board is nominated outright owing to the preponderance of Chinese. An independent chairman, nominated by the board, is appointed by the executive. A board holds office for three years.

The board has power to determine the lowest wages or prices or rates to be paid to any persons or classes of persons coming within the act, for wholly or partly preparing, manufacturing, or repairing articles, or for other services rendered, and may fix special rates for old, slow or infirm workers.

The board fixes the hours of work, and may limit the number of "improvers" to be employed (usually done by prescribing the number to each journeyman employed). There is no power in Victoria to limit the number of apprentices employed. Such power exists in South Australia. The board fixes the wages of apprentices and improvers according to age, sex, and experience, and may fix a graduated scale of wages calculated on the same basis. Apprentices bound for less than three years are improvers, unless the minister sanctions a shorter period of apprenticeship on account of previous experience in the trade. The minister may sanction the employment of an improver over twenty-one years of age at a rate proportionate to his experience. Outworkers, in the clothing trade, must be paid piece rates. Manufacturers may, by leave of the board, fix their own piece rates, if calculated on the average wages of time workers as fixed by the board.

Licenses for twelve months to work at a fixed rate lower than the minimum rate may be granted by the chief inspector of factories to persons unable to obtain employment by reason of age, slowness or infirmity. Licenses are renewable.

Determinations remain in force till altered by the board or by the court of appeal.

These determinations apply to all cities and towns and to such boroughs as the executive may determine, and the executive may also apply them to any shire within ten miles of a city or town, if the shire council petition to that effect. (Similar provisions are in force in other states.)

The children of an employer are exempt from a determination.

The executive may direct a board to fix outworkers' rates and the rates payable in allied trades. Boards are given power to fix the wages to be paid to persons employed on repairs.

Penalties are fixed for the direct or indirect contravention of determinations, the obedience to which is ascertained by the examination of the records of wages, etc. (Section 4, i, *a*.)

A court of appeal, consisting of a supreme court judge, has power to review the determination of the boards. The court may appoint assessors to assist the judge.

The act fixes an absolute weekly minimum wage, and evasion of this provision in the case of females employed in the clothing trade by charging an apprenticeship premium, is prevented by the prohibition of all such premiums in that particular case.

WAGES BOARDS.

(Yearbook, p. 1079.)

Wages boards are appointed upon application of either employers or employees. The grounds usually urged by the former is that their business is hampered by unfair competitors, who pay only a sweating wage; by the latter that they are sweated or are entitled to a consideration of their wages, by reason of the prosperity of the trade in which they are employed.

According to the latest Yearbook there are 146,000 industrial workers in Victoria out of which the following number are employed in registered factories:

Total number of distinct trades carried on in registered factories	152
Total trades under boards	51
Total factories registered	5,003
Total employees	71,968
Total employees under wages boards	56,994
Percentage under boards	80
Number of determinations	48

The following table shows the uumber of convictions for disobedience to determinations of boards (not including overtime working):

1901	34	1905	27
1902	33	1906	52
1903	41	1907	43
1904	39		

WAGES.

The tendency of wages here as elsewhere in the industrial world, has during the past decade been upward. As shown by a table published in the Melbourne *Age* of March, 1909, by G. M. Pendergast, labor leader and member of Parliament of Victoria, the wages in sixty-two industries have increased on an average 15.665 per cent since the awards of the wages boards dealing with these industries have gone into effect. Among the wages quoted in the foregoing article is to be noted the following per week:

Shoemakers	$12.00	Brickmakers	$11.33
Cigarmakers	8.81	Ironmolders	10.27
Printers	10.33	Saddlery	8.16
Stonecutters	12.04	Tinsmith	7.75
Woodworkers	10.72		

The wages of highly skilled labor, according to Secretary Barker of the Melbourne Labor Council, is from 10 to 12 shillings ($2.40 to ($2.88) a day, and for unskilled labor from 7 to 9 shillings ($1.68 to $2.16) a day.

HOURS OF LABOR.

An eight-hour day was established in Victoria in the building trades in 1856. The average hours in the building trades in the United States so late as 1890 were fifty-four per week, and at the end of 1903, forty-eight hours a week, a stage which Victoria reached fifty-three years ago.

The Commonwealth Yearbook for 1909, page 1049, tells the story of the eight-hour day as follows:

COMMENCEMENT OF THE EIGHT-HOUR SYSTEM.

The first trade union in Australia was the "Operative Masons Society," established in Melbourne in 1850. In 1851 a branch of the "English Amalgamated Society of Engineers" was founded in Sydney. For many years practically the only unions existing were those formed by the several branches of the building trades. They were all subject to the English law prohibiting conspiracies and combinations in restraint of trade, though it does not appear that any such law was ever put in force in Australia. The main object of the early unions in Australia was the limitation of the working week to forty-eight hours. The minor and friendly society benefits that were usual among the unions of older countries were also desired; but the chief aim was the establishment of the eight-hour principle, and that aim for many years was the chief link between the unions. It is difficult to obtain detailed information concerning the unions prior to trade union legislation, but their early history generally resolves itself into an account of the early efforts put forth by metropolitan operatives to secure the limitation of the working day to eight hours.

COST OF LIVING.

During the past decade the cost of living, including rent, has advanced. There are no reliable statistics to tell just what percentage of increase has taken place.

From the consensus of opinions expressed by men in various walks of life, I should say that while in some things, especially in the matter of rent, the cost has increased beyond the increase in the wage rate, yet on the whole, the gain in wages has covered the increased cost of living and left a small margin besides.

THE ATTITUDE TOWARD UNION LABOR.

The attitude of the Victorian public toward labor organizations is friendly. Some employers are hostile to labor legislation rather than to labor unions. Other employers maintain that labor in Victoria is despotic and unreasonable; yet other employers admit that the conservative rich want to keep labor permanently in its place and within its class, on the other hand, that labor Socialists are preaching class consciousness. Still other employers contend that much friction and ill will is caused by virtue of the fact that there is no finality to the demands

of labor. Professor Moore, of the University of Melbourne, gave it as his opinion that the relations between employers and their men were strained and likely to become more so. Chief Factory Inspector Ord, who because of his official position has an unusual opportunity of getting in touch with employers and their men, expressed the view that so far as the manufacturing industries of the state are concerned, the relations between employers and their men are not of an unfriendly character.

EMPLOYERS' ASSOCIATIONS.

Employers are organized for the purpose of meeting and offsetting claims of unionists before wages boards. Their organizations, however, are said to be not nearly so comprehensive or effective as those of the men.

"CLOSED SHOP."

There are comparatively few "closed" shops in Victoria. Union and nonunion wage-earners, as a rule, work side by side.

STRIKES AND LOCKOUTS.

There were no strikes in Victoria in 1908, except of a trifling character or brief duration, not over 1,000 workers being involved. No official record is kept in Victoria of strikes and lockouts, due to the fact that there have been so few in the state during the past twelve years, not over eight or nine in all.

Chief Factory Inspector Ord, in his report for 1907, says:

> It has never been claimed by those in favor of wages boards that the system will stop strikes, but for ten years no strike of any importance took place, and it was thought that by merely bringing employers and employees together to discuss wages, the chances of a strike would be greatly reduced.
>
> Until the last Parliament there was no reference to strikes in the Factories and Shops Act, but the legislature has now given the governor in council the power to suspend a determination of a board or of a court, for any period not exceeding twelve months, when a strike or organized industrial dispute is about to take place, in connection with any trade or business, subject to the decision of a board or the industrial court of appeals.
>
> So far as employees are concerned, the only effect of such a provision is that the men affected run the risk of losing the benefits of the determination of a board for twelve months.
>
> As regards the employers, however, the results are more far reaching. They are at liberty to engage men at such rates as may be agreed upon, instead of being compelled to pay the rates fixed by the board for, possibly, inferior and emergency labor.

STRIKING AGAINST LEGAL AWARDS.

The only Victorian instance on record in twelve years of men striking against a legal award was in the case of the Melbourne bakers, who, in the end, won their strike.

The story of this strike is herewith told by Chief Factory Inspector Ord in his report for 1907.

BREAD BOARD.

(Chief Factory Inspector's Report for 1907, pp. 18-19, Appendix "B," Victoria Report.)

For the first time in ten years a strike of some importance took place in a trade under a special board. It is a remarkable thing, however, that the strike was not against the determination of the bread board, but in consequence of the court of industrial appeal altering a determination of the board. The bread board on the casting vote of the chairman raised the wages of journeymen from £2 10s. per week of forty-eight hours to £2 14s. per week. This determination was dated 12th of June, 1907, and came into force on the 5th of August, 1907.

On the 15th of August the employers' representatives on the board appealed, under provisions of section 123 of the "Factories and Shops Act, 1905," to the court against the increase of wages allowed by the board.

The court (Mr. Justice Hood) after hearing the evidence, reduced the wages from £2 14s. to £2 10s. from the 15th of September, 1907.

It will be seen that from the 5th of August to the 15th of September the men had been receiving the increased wage allowed by the board. This fact, no doubt, had a great deal to do with the action of the union later on, as men do not willingly submit to a reduction of wages, no matter how obtained, and in this case it had been granted by a tribunal appointed by Parliament for the fixing of wages.

In any case as soon as the employers reduced the wages of the union men to £2 10s. per week, the union intimated that unless the men were paid at the wages fixed by the board the members of the union would be called out.

The employers, having secured a favorable decision from the court of industrial appeals, refused to give way, and the union at once called out all the men over whom it had control.

The strike commenced on the 29th of September. It was not of long duration. On the 2d of October the majority of the employers concerned granted the demands of the union, and the strike was over.

All those who are sincerely desirous of the success of the wages board system can not but regret the occurrence of this strike. At the same time it must not be forgotten that the strike was not against the decision of the wages board, but against that of the court of appeal.

STATE CONCILIATION AND ARBITRATION.

The only provision for State intervention in labor disputes is through the medium of wages boards and an industrial court of appeals, as described above.

Wage-earners are anxious to have the industrial court of appeals abolished and to make the decision of the wages boards final, but there is no likelihood of the abolition of this court, as employers would strongly oppose such action.

COMPULSORY ARBITRATION.

Victoria has never had compulsory arbitration. Many wage-earners favor its adoption on the grounds, as they claim, that it stands for giving labor unionists a preference in employment, and that it also limits the number of apprentices. Victorian employers, on the other hand, are much opposed to the adoption of compulsory arbitration, and if any attempt were made to introduce it, would bitterly fight the proposal. Victorian employers agree that while the best conceivable con-

dition in dealing with labor is to let the law of supply and demand prevail, they are practically unanimous in the opinion that wages boards from their point of view are a lesser evil than compulsory arbitration.

Secretary Walpole of the Employers' Association of Melbourne says: Of all experimental legislation concerning wages, hours, and conditions, that has been and is in force in this country, wages boards are the fairest and have the best record of administration.

THE EFFICIENCY OF LABOR.

Labor representatives claim that unionism in Victoria has increased the efficiency of labor. Some employers claim it has slightly decreased it. Yet other employers hold that it has not affected labor efficiency one way or the other. Ernest Aves in his report to the British Parliament under date of March, 1908, quotes a Victorian clothing manufacturer as saying that wages in his trade had increased twenty per cent and that cost of manufacturing had decreased thirty-five per cent, largely due to increased efficiency.

THE INFLUENCE OF VICTORIAN LABOR LEGISLATION ON THE UNSETTLEMENT OF BUSINESS.

While some Victorian employers contend that the labor laws have tended to unsettle business, I was unable to obtain any tangible evidence of this. On the contrary, so far as I could find, Victorian employers have enjoyed a far higher degree of industrial peace in the past twelve years than has been enjoyed by employers in Europe or in the United States.

This, in my opinion, is very largely due to its existing labor legislation, which has furnished legal machinery for the prompt adjustment of the vexed questions of wages and hours, thus preventing almost entirely a resort to strikes and lockouts.

The Victorian employers who contend that its labor legislation and the wages boards have tended to unsettle business, and who would prefer to let the laws of labor supply and demand prevail untrammeled, do not seem to realize that the most disturbing industrial elements are strikes and lockouts, and that where the State fails to furnish legal machinery for the settlement of labor disputes, but leaves such settlement to the law of labor supply and demand, strikes and lockouts prevail at a frightful cost to labor, to capital, and to the body politic generally.

While there is nothing in the law to prevent the Victorian labor unions from stepping in and disturbing the otherwise harmonious relations existing between an employer and his men, there were no cases brought to my notice where this had taken place. The fact that

the Minister of Labor, under the law, has the power to suspend for twelve months wages board determinations, if an organized strike is threatened or takes place, seems to have a great restraining influence on hasty or thoughtless action on the part of overzealous wage-workers or their leaders.

Under the wages board system there is little or no occasion for the unsettlement or disturbance of industrial affairs, because with its permanent separate wages board, composed of representatives of employers and workers in the trade, presided over by an impartial chairman, quick action is possible, so that a congestion of cases with the consequent delay in a decision of months and sometimes years, such as have taken place in New South Wales and in New Zealand, under the former laws relating to compulsory arbitration, becomes impossible.

Victorian labor laws do not make for *absolute* certainty in business because the wages board has the right from time to time to increase or decrease the minimum wage. On the other hand, it does make for a far higher degree of certainty than where there is no legal wage established and where strong unions can, without State intervention, demand an immediate increase in wages. Under the wages board system, the matter of an increased wage must be inquired into by a board upon which employers and men are represented, an agreement reached, and a decision rendered by the chairman, subject to the approval on appeal to the industrial court of appeal, thus affording the employer a reasonable protection against unreasonable demands, and thus also protecting the wage-worker against a hasty or ill judging strike which may subject him to irreparable loss and injury.

DOES THE LAW ENCROACH ON THE LIBERTY OF PERSON AND PROPERTY OR USURP THE MANAGEMENT OF AN EMPLOYER'S BUSINESS?

In common with most laws, wages boards encroach upon the liberty of persons and property, but in return for this seeming loss they afford the worker and his employer, as well as the community, a very high degree of industrial peace.

The greatest sufferers under the law are the unfair employers who endeavor for profit to evade its provisions or the determinations of the wages boards, and who, when convicted, are penalized by the court.

The law so far interferes with private business management as to determine the *least* but not the *most* it can pay for its labor, the number of apprentices it can employ, and so on. In effect, it interferes with private management to the degree that a strong American labor union interferes with private management, with the difference, however, that strong labor unions will frequently fix conditions regardless of the views of employers; whereas, under the wages board system, the em-

ployer in common with the worker has a voice in determining these matters.

CAN EMPLOYEES OBTAIN EMPLOYMENT EXCEPT UPON TERMS FIXED BY THE COURT?

The system is hardest upon the slow or inefficient worker who can not make himself worth the minimum wage fixed by the wages board. This sort of worker must obtain a special legal permit from the Chief Factory Inspector, allowing him to work for less than the legal minimum wage, which permit can be issued under the following act:

OLD, SLOW AND INFIRM WORKERS.

(Factories and Shops Act, 1975, clause 7, par. 99½, part IX.)

If it is proved to the satisfaction of the chief inspector that any person by reason of age, slowness, or infirmity is unable to find employment at the minimum wage fixed by the special board, the chief inspector may in such case grant to such aged, slow or infirm worker a license for twelve months to work at a less wage (to be named in such license) than the said minimum wage, and such license may be renewed from time to time.

The number of such persons licensed as slow workers in any factory shall not without consent of the minister exceed the proportion of one fifth of the whole number of persons employed in such factory at the minimum wage fixed for adults or at piecework rates provided that one slow worker may be employed in any registered factory, and any person who without such consent employs any greater number than such proportion shall be guilty of a contravention of this part.

In good times the slow worker is the last to be put on, and in bad times he is the first to be sent off. This, as a rule, will be his experience in most every country and under most all industrial conditions, but since he can not make his own bargains here, it works out still harder for him under a wages board law.

ARE AWARDS EQUALLY BINDING?

No. Employers can not pay less than the amount prescribed by the award. An employee, however, need not work for the minimum wage if another employer is willing to pay him more. He may leave his employment as an individual, but men can not leave their jobs in concert (which would be equivalent to striking) without involving the risk of losing their awards.

The employer can not escape by private agreement paying the wage award, as is shown by the following legal provision:

(Factories and Shops Act, 1975, part IX, par. 114.)

Where an employer employs any person to do any work for him for which a special board has determined the lowest prices or rates, then such employer shall be liable to pay and shall pay in full in money without any deduction whatever to such person the price or rate so determined, and such person may within twelve months after such money became due take proceedings in any court of competent jurisdiction to recover from the employer the full amount or any balance due in accordance with the determination, any smaller payment or any express or implied agreement or contract to the contrary notwithstanding.

HAVE THE BOARDS INCREASED THE COST OF LIVING?

This is a mooted question due to a confusion of thought on the part of many as to the laws of economic cause and effect. Living has been increased partly by the enhanced value of land, due to increased population, and speculative discounting of future land values, thereby increasing rent, and partly because of the increased world price of all staples, which so largely enter into the wage-earner's bill of consumption. These things in turn, combined with the scarcity of labor during the highly prosperous period of the recent past, have led to higher wages, which in turn, have had some influence in the further increase in living cost. In industrial products the increased wage cost has largely been offset, however, by improved labor saving devices, so that despite a higher *wage* rate, there has, as a rule, followed a very trifling, if any, increased industrial labor *cost* rate.

WAGES BOARDS; HAVE THEY BENEFITED LABOR?

If we are to let the labor unionists speak for themselves, we shall find according to the statement made by the executive committee of the labor council, as quoted herein under the chapter of "Wages Board," that the wages boards have created favorable conditions for the workers generally that would not otherwise have existed.

CAN MEN EVADE THE LAW AND STRIKE?

Yes. If, however, a strike occurs in a trade working under an award, the government in council, through the Labor Minister, may suspend the whole or part of the determination affecting such trade for a period not exceeding twelve months. The effect of this provision is that if the men do not accept the decision of the wages board, the employers are then legally at liberty to hire whomsoever they please at any wages that may be agreed upon, to fill the places of the strikers.

DOES THE LAW DRIVE CAPITAL OUT OF THE COUNTRY?

The law may have a tendency to frighten away very timid investors, but such investors would be still more timid and more speedily driven out, in countries where there is no State intervention in labor disputes, and where powerful labor unions are in a position to dictate their own terms, and to enforce these terms by sudden and disastrous strikes.

The following figures taken from the official Yearbook of the Commonwealth of Australia for 1909, page 540, would indicate that there has been a material industrial growth in Victoria from 1903 to 1907:

AVERAGE NUMBER OF PERSONS EMPLOYED IN VICTORIA MANUFACTURING INDUSTRIES.

1903---------- 73,229 1907---------- 90,903

Increase, 24.10 per cent.

VALUE OF PLANT AND MACHINERY IN FACTORIES.

1903	£5,010,896	($24,302,846)
1907	£6,771,458	($32,841,572)

Increase, 35.09 per cent.

The total value of the output of factories in Victoria for 1907, according to the same authority, page 552, was £29,693,634 ($144,014,125).

DOES THE LAW ENCOURAGE IMPORTS RATHER THAN LOCAL MANUFACTORIES?

Imports have largely increased due (*a*) to the high degree of prosperity enjoyed in recent years leading to a consequent increased demand for luxuries and grades of finer and more fashionable goods, especially in wearing apparel, than the State produces; and (*b*) to the scarcity of skilled labor, more especially female labor, thus preventing many manufacturers from increasing their capacity to keep pace with the increasing demand. This point is emphasized by the Chief Factory Inspector, who in his report for 1907 says:

STATE OF TRADE.

(Chief Factory Inspector's Report for 1907.)

The only complaints made by manufacturers were on account of the scarcity of labor. This was more particularly the case in trades in which female labor predominates, and every effort was made to increase the supply, but without success. The manufacturers found it simply impossible to get sufficient labor. Many of them informed me that they had advertised day after day in the newspapers for girls to learn the trade without receiving a single reply. One clothing manufacturer offered to pay double the legal wage to apprentices without success, though he was prepared to pay a skilled worker to devote all her time to teaching the apprentices.

The industrial growth is illustrated by the Chief Factory Inspector's report of 1907, which reads as follows:

STATE OF TRADE.

(Chief Factory Inspector's Report for December, 1907.)

3,739 factories employing 45,178 persons were registered in 1897.
5,003 factories employing 71,968 persons were registered in 1907.

EFFECT OF WAGES BOARDS SYSTEM ON RURAL DISTRICTS.

The higher city wages militates, as a rule, against rural manufacturers retaining their best labor. In good times it also militates against the farmer holding his farm laborers in the face of city competition, in the way of higher wages, but the condition is in nowise any more serious in the rural districts of Victoria, than in other countries where no wages boards exist.

WAGES BOARDS—HOW THEY ARE BROUGHT INTO EXISTENCE.

Chief Factory Inspector Ord in his report for 1907 tells in the following manner how wages boards in Victoria are brought into existence:

MODE OF CONSTITUTING SPECIAL BOARDS AND OF APPOINTING MEMBERS.

(Chief Inspector of Factories' Report for 1907, pp. 10-12, Appendix A.)

I have been so constantly asked how boards are brought into existence, the members appointed, and determinations reviewed, that I think it desirable to shortly

describe the whole procedure. It is necessary to remember that the constitution of a board and the appointment of members of a board involve two distinct procedures.

Before a special board is constituted, it is necessary that a resolution in favor of such a course should be carried in both houses of the legislature. (Section 2, Act 1975.)

It is usual for the minister administrating the factories act should move that such a resolution be passed.

The minister may be induced to adopt such a course, either by representations made by employers and employees, or by employees alone, or by the report of the officers of the department.

The reasons alleged by the employers for desiring a board are, usually, unfair competition; and those by the employees, low wages, and often the employment of excessive juvenile labor. If the minister is satisfied that a case has been made out, he will move the necessary resolution in Parliament, and when such resolution has been carried, an order in council is passed constituting the board.

The order indicates the number of members to sit on the board. The number of members must not be less than four or more than ten. (Section 75, Act 1975.)

The minister then invites in the daily press, nominates for the requisite number of representatives of employers and employees. These representatives must be or must have been employers or employees, as the case may be, actually engaged in the trade to be affected. All that is necessary is, that the full names and addresses of persons willing to act should be sent in.

Where there are associations of employers or of employees, it is not often that more than the number of nominations are sent in. In any case, the minister selects from the persons whose names are received the necessary number to make up the full board.

The names of persons so nominated by the minister are published in the *Government Gazette*, and unless within twenty-one days one fifth of the employers or one fifth of the employees, as the case may be, forward a notice in writing that they object to such nominations, the persons so nominated are appointed members of the board by the governor in council. (Section 3, Act 1975.)

If one fifth of the employers or the employees object to the persons nominated by the minister, and they must object to all the nominations, and not to individuals, an election is held under regulation made in accordance with the act. (Section 77 (3), 1975.)

Shortly stated employers may have from one to four votes according to the size of the factories as regards the election of employers, but as regards a special board for shops, each employer has only one vote, and each employee in the trade over eighteen years of age has a vote in the election of representatives of employees.

The chief inspector conducts such elections, the ballot being by post, the ballot papers being forwarded to each elector.

Within a few days of their appointment the members are invited to meet in a room at the office of the chief inspector of factories, and a person, always a government officer, and usually an officer of the chief inspector's department, is appointed to act as secretary.

The members must elect a chairman within fourteen days of the date of their appointment, and if they can not agree to a chairman he is appointed by the governor in council. (Section 82 (1), 1975.)

The times of the meeting, the mode of carrying on the business, and all procedure is in the future entirely in the hands of the board, whose powers are defined in sections 84-90, Act 1975, and sections 15 and 16 of Act 2137.

Vacancies in special boards are filled on the nomination of the minister without any possibility of either employer or employee objecting (section 181, 1975). And the same course is observed regarding all appointments of members of the furniture board. (Section 78, Act 1975.)

The result of the labors of a board is called a "determination," and each item of such determination must be carried by a majority of the board.

It will be seen that, unless employers and employees agree, a full attendance of

the board is required, as, in case of a difference of opinion, the chairman decides the matter, and he has only one vote, the same as any other member of the board.

When a determination has been finally made, it must be signed by the chairman, and forwarded to the Minister of Labor. The board fixes a date on which the determination should come into force, but this date can not be within thirty days of its signature by the chairman.

If the minister is satisfied that the determination is in form and can be enforced, it is duly gazetted. (Section 101 (1), 1975.)

In the event of the minister considering that any determination may cause injury to the trade, or injustice in any way whatever, he may suspend same for any period, not exceeding six months, and the board is then required to reconsider the determination.

If the board does not make any alteration, and is satisfied that the fears are groundless, the suspension may be removed by notice in the *Government Gazette.* (Section 105, 1975.)

This power is not, however, likely to be used by the minister, as proceeding is now made under part X of Act No. 1907, by which either employers or employees may appeal to the court of industrial appeals against any determination of a board.

This court consists of any one of the judges of the supreme court sitting alone, and the judges arrange which of them shall for the time being constitute the court.

An appeal may be lodged (*a*) by a majority of the employers' representatives on a special board; (*b*) the majority of the employees' representatives on the special board; (*c*) any employer or group of employers who employ not less than twenty-five per cent of the total number of workers in the trade to be affected; or, (*d*) twenty-five per cent of the workers in any trade.

The court has all the power of a special board, and may alter or amend the determination in any way it sees fit.

The decision of the court is final, and can not be altered by the board, except with permission of the court, but the court may, at any time, review its own decision.

The minister has power to refer any determination of a board to the court, for its consideration, if he thinks fit, without appeal by either employer or employee.

The decision of the court is gazetted in the same way as the determination of the board, and comes into force at any date the court may fix.

The determinations of the board and of the court are enforced by the factories and shop department, and severe penalties are provided for breaches of determination. (Section 119, Act 1975.)

No proceedings for breaches of the determination can be taken by any one without the sanction of the department.

Any employee, however, may sue an employer for wages due him under any determination, notwithstanding any contract or agreement expressed or implied to the contrary. (Section 114 of Act 1975.)

HOW WAGES BOARDS ARE REGARDED.

It can not but be of interest to know how the wages boards and their operations are regarded by Victorian employers, wage-earners and government officials. Accordingly, I give herewith an extract taken from a paper by W. N. Pratt, Esq., read before the Conference of Australian Employers' Federation and published in its report for 1905, pages 85 to 93, which I feel fairly represents the consensus of opinion among the Victorian employers:

The one original reason for the formation of the wages boards was to prevent sweating. Mr. Harrison Ord, Chief Factories Inspector, says: "The board was created to prevent sweating" (1898, page 6). I can find no other real reason, and the method by which this has to be done is set out in the act itself. Clause 14, Act 1857, passed in 1903, says: "The board shall ascertain the average prices or

rates paid by reputable employers to employees of average capacity. The lowest prices or rates as fixed by any determination shall in no case exceed the average prices or rates so ascertained."

While denying that sweating existed to any great extent in the majority of trades, we are obliged to admit that in a few, such as clothing, white work and where females were very largely employed, sweating did exist, and to a considerable extent. A few disreputable employers had forced the hands of their more humane comrades, and by a constant cutting of prices, had sent wages down to a very low level. Individual cases of sweating among old, slow and infirm workers could also be pointed out. But it is quite certain that sweating did not exist among the strong, young and active workers; they are well able to look after themselves, and did so, commanding the highest wages and most constant employment at all times, as will always be the case. The act, then, was only needed for the protection of the old, slow and infirm workers, and for women and children, to save them from the evils of sweating.

Have the boards then accomplished the purpose for which they were established?

1. Have they put down sweating in the clothing trade? Yes, and largely in trades where women are employed. But in many other trades they have increased it, for the slow, old men have been driven to work at home for very low rates; while the female outworkers have been nearly swept away and the male outworkers in some trades have been largely increased.

2. Have they protected those who needed protection? In the case of females they have to a large extent. In the case of old, infirm and slow, they have failed to protect, though the permit system now in force will possibly effect this to a certain extent.

3. Have they increased employment? No! Whatever increase of employment has taken place has been through the natural expansion of trade, an expansion similar to that which took place between 1885 and 1889, when an increase of some 8,000 hands took place.

4. Have they raised wages? I think we must say yes, as far as the average per man is concerned, but not the extent that the bald figures show; the general improvement in trade is answerable for a deal of the rise, and the different circumstances of the two classes of trades—those under, and those not under the boards—must be considered.

I may be permitted to point out where I consider them (wages boards) preferable to an arbitration court:

1. They are more mobile, having simpler constitution and methods. The board is easily convened, its sittings and decisions are free from red tape, and it attends only to the business of its own trade, directly its business is over its sittings stop, and all expenses cease.

2. The members of the board are all experts in their own trade. All intricate questions and technicalities are easily understood, mistakes and delays are avoided, free avenues of trade easily and quickly provided for.

3. The powers of the boards are limited and defined. They deal only with the rates of wages, hours to be worked, overtime and improvers. All questions of custom or privilege are outside its powers. These fruitful causes of dispute and delay in the arbitration court are happily excluded from the boards.

4. Their decisions are more satisfactory. In a large number of instances they are unanimous, and are accepted by the whole trade without demur.

The following extract, taken from a circular issued by the executive committee of the Melbourne Trades Council, gives the consensus of opinion of the Victorian wage-earners on the value of the wages boards:

They (the executive committee) are of the opinion that arbitration courts and wages boards have not failed to give protection and relief to the sweated and other workers, but, on the contrary, they have afforded very material and financial help, and created conditions that would not have existed otherwise.

And finally, I quote herewith from the Australian Yearbook, page 1072, to give the official opinion of the value of the Victorian wages boards:

EFFECT OF ACTS.

The question whether the operation of the acts has bettered the monetary position of the operative may be answered in the affirmative. Starting from the lowest point, the provision of an absolute minimum wage per week has stopped one form of gross sweating. Another case is that of the "white workers" and dressmakers; with these the lowest form were the outworkers, who were "pieceworkers." In some branches of the Victorian trade in 1897, wages paid to outworkers for all classes of certain goods were only from one third to one half the wages paid in the factories for the low class of productions of the same line of stuff. By working very long hours the outworker could earn ten shillings (about $2.40) a week. The average wage of females in the clothing trade in 1897 was ten shillings tenpence (about $2.60) per week. There were, however, in that year 4,164 females receiving less than a pound (about $4.85) a week, and their average was eight shillings and eightpence (about $2.08). It was almost a revolution when a minimum wage of sixteen shillings (about $3.84) per week of forty-eight hours was fixed by the board; when piecework rates were fixed to insure a similar minimum, and when the outworkers were placed on the level of pieceworkers. Many employers refused to give outwork and took the workers into the factory on time work. The sanitary conditions required were far more healthy than those that could exist in poorer classes of dwellings.

CONCLUSION.

Have the Victorian wages boards been a success and have they accomplished the end in view at the time of their enactment—that of abolishing sweating and establishing industrial peace?

No impartial investigator who is seeking facts, pure and simple, can render any verdict other than that the Victorian wages boards have to use a colloquialism, more than "made good."

They were enacted primarily to prevent sweating in the industries where women and children are largely employed.

The consensus of opinion of all interested parties is that wages boards have so largely minimized sweating that it is no longer an evil in Victoria, where the "sweater" has become a somewhat rare species.

The wages boards have not alone reduced the evil of sweating to a minimum, but they have achieved other most desirable and important results not exactly anticipated at the time of the enactment of the law. The authors of the measure seemingly builded better than they knew.

The wiping out of the "sweater" has been a great blessing to the fair employer, who is no longer compelled to compete with an unfair rival who, by "squeezing" helpless labor, is in a position to undersell or underbid him.

Every Victorian manufacturer starts out on an even basis, so far as payment to labor is concerned. To secure the largest share of possible business, he must exercise his managerial ability along other lines than that of "squeezing" labor. The legal minimum wage tends to drive the "sweater" out of the field. Where no legal minimum wage

exists, the "sweater" tends to drive the fair manufacturer out of the field.

The wages boards have brought about another unexpected blessing to Victorian employers, wage-workers, and to the body politic. They have, for a period of over twelve years, aided in, if not maintained, an unprecedented era of industrial peace. The fact that the State had provided machinery where wage-earners, having wage grievances, could get a fair hearing and a fair deal at the hands of the trade experts representing both sides of the issue, and the fact that the determinations are enforceable against employers, left little occasion to resort to strikes in order to secure what they deemed equity.

In consequence Victoria, considering the numbers industrially engaged, has enjoyed the highest degree of industrial peace that in the past decade or more has been vouchsafed to any other country in any occidental government. It must, therefore, be evident that if industrial peace is the test, Victoria has come more nearly discovering the missing link between capital and labor than has any other modern industrial land.

NEW SOUTH WALES, AUSTRALIA.

The State of New South Wales is an empire in itself, covering an area of 198,635,000 acres or 310,372 square miles, with less than five persons to the square mile, embracing some of the most fertile soil in Australia.

It is much the wealthiest State in the commonwealth, and stands first in Australian agriculture and industrial production, and in its volume of imports and exports; and with a population of about 1,500,000, its wealth and purchasing power per capita ranks second only to that of New Zealand.

In common with Victoria it has an ideal climate and a splendid health record, less than ten deaths per thousand per annum.

A high degree of prosperity has been enjoyed by New South Wales, and there is little of what in the older countries is known as poverty. There are no poor rates and no workhouses in New South Wales.

It is claimed by the Intelligence Department of New South Wales that its citizens are the most lightly taxed people in the world, with, so to speak, no direct taxation, the profit on the government business undertakings practically paying the whole of its annual interest bill.

The wage-earner living in this State, therefore, starts out with many advantages. In addition to these favorable conditions, few governments elsewhere have given greater attention to the amelioration of the condition of the wage-earner, more especially to the unorganized and the weaker industrial workers, than has the government of New South Wales.

The State has no race problems to deal with, as nearly the whole population—ninety-seven and one half per cent—is of British extraction.

WAGES.

In common with the rest of the world, wages during the era of prosperity have tended upward. This has been due partly to a protective tariff policy, partly to the policy of the Labor party, which has been to restrict immigration in order to cause scarcity of labor and consequent higher wages, and partly in the sweated and unorganized industries, to the awards of wages boards and arbitration courts.

From data furnished by State Registrar Addison, I find that in forty-eight occupations, dealt with by the legal authorities, wages have,

through their awards, increased 16.21 per cent. These occupations have been chiefly in the sweated industries.

The average wage per day for unskilled workers is seven shillings to seven shillings and six pence ($1.68 to $1.80) and for skilled workers ten shillings to eleven shillings and six pence ($2.40 to $2.76).

COST OF LIVING.

The cost of living has increased, due largely to the advance in the world price of the great agricultural staples and also to the enhanced value of city lots—carrying with it a consequent increase in rent. It is claimed that the increase in wages has also added to the increased cost of living. This, however, is true only in a minor degree. In manufacturing industries higher wages have been more or less offset by the introduction of greater labor saving machinery.

The Australian protective tariff has also tended in more recent years to add somewhat to the cost of living.

HOURS OF LABOR.

The hours of labor in the building and generality of trades are eight per day. Since the enactment of labor legislation, the hours in sixteen occupations have been reduced from an average of seventy per week to an average of fifty-six and one half per week.

These sixteen occupations include such as drivers of bakery and milk wagons, hotel and restaurant employees, ferry employees, brewery hands, shore drivers, and firemen.

Among these, for example, were such extreme cases as drivers of bakery wagons, whose weekly hours were reduced from seventy-six to sixty; ferry employees whose hours per week were reduced from eighty to sixty, and shore drivers and firemen, whose weekly labor was cut down from eighty-four hours to forty-eight.

RELATIONS BETWEEN EMPLOYERS AND THEIR MEN.

Opinions conflict on this point. Many employers state that the relations are strained and unfriendly, while labor leaders express the view that relations are cordial and harmonious. My own opinion is that the relations between employers and their employees are far more friendly and cordial than they are on the continent of Europe and in some parts of the United States, and more cordial than those in England except in the branches of English industries where disputes are settled by voluntary conciliation and arbitration.

LABOR UNIONISM.

The effect of labor legislation in New South Wales, according to Attorney General Hughes, was to increase union membership from seventy-five to one hundred per cent. The report of the Government

Statistician for 1907 shows that there were registered in that year 136 labor unions, with membership of 92,230.

It is explained that these figures do not represent the position of unionism, since all unions do not register, and that particulars of unregistered unions are not available.

STRIKES.

There are no official records kept of strikes in New South Wales. The following record was furnished me by Registrar Addison from his private files. The total number of strikes since 1901 was as follows:

1901	2	1906	29
1902	12	1907	52
1903	11	1908 (first 3 months)	33
1904	11		
1905	36		186

Fully half of these strikes occurred among men engaged in mining.

Out of the foregoing number there were the following instances where employees struck after having obtained, and during the existence of an award of the court of arbitration in an industrial dispute to which they were parties, and as a refusal to obey an award:

1904	2
1905	1
1906	1
1907	8
1908	1
	13

One of these instances was in the case of wire netting workers; one in the case of sawmillers; five of wharf laborers, and coal lumpers, and the remaining six cases were miners.

EMPLOYERS' ORGANIZATIONS.

Employers in New South Wales are but little organized, and in the nature of things here can not seem to achieve effective organization.

STATE PROVISION FOR CONCILIATION AND ARBITRATION.

After the great maritime strike of 1891 a Royal Commission was appointed, who recommended that a court of conciliation and arbitration be created, voluntary in character. Parliament accordingly created the desired legal machinery. The law, however, proved a dead letter. In 1895 a legislation of compulsory inquiry was established. Under this law an inquiry was held in the Victory mine trouble. The mine owners, however, refused to abide by the decision and the men were helpless.

In 1901 compulsory arbitration came into effect, modeled after the New Zealand law, with the penalty of imprisonment for violation of the law, but the arbitration court soon became so congested that the act

broke down. This led to a marked change in the law brought into effect at the expiration of the Compulsory Arbitration Act in 1908. A new scheme was devised in the nature of a combination of the wages board system of Victoria with the compulsory arbitration system of New Zealand, that will be referred to more in detail later in this report.

COMPULSORY ARBITRATION.

As mentioned in the preceding paragraph, a compulsory arbitration law modeled after the New Zealand law went into effect in 1901 for a limited period of six years. The act seemingly did not work out as its authors had hoped. It led to intense feeling, more especially on the part of employers, whose sentiments after the act had been in operation for about four years are expressed in the following extract from a paper read by C. H. Austin, Esq., on the New South Wales Compulsory Arbitration Act of 1901, before an Employers' Federation meeting held in 1905:

With such an example as that afforded by New Zealand before us, it would seem folly to expect any more beneficial results to follow the introduction of the compulsory arbitration system in New South Wales. Nor when we look at the facts do we find that its workings there have been productive of such good as to justify its existence. By the Act the power of arbitration in industrial matters is vested in a court composed of a supreme court judge, as president, and two members nominated one each by the industrial unions of the employers and employees, respectively, the three appointed by the governor in council. I should like to say at the outset that although I intend to hold up to view the workings of the Act in all its naked ugliness, it is not my wish to reflect in the slightest degree upon any member of the court. The court was called upon to interpret an Act, illogical in its conception, cumbersome, unworkable, and mischievious in its workings and results. Mortal men in my opinion could not have done better than they have done. For the Act itself I have the greatest abhorrence; for the president and members of the court I have the greatest respect. The court is given power, among other things, to deal with the following "industrial matters":

(*a*) The wages, allowances, or remuneration of any person employed or to be employed in any industry, or the prices paid or to be paid therein in respect of such employment.

(*b*) The hours of employment, sex, age, qualifications, or status of employees, and the mode, terms and conditions of employment.

(*c*) The employment of children, or young persons, or any person or persons or class of persons in any industry, or the dismissal or refusal to employ any particular person or persons or class of persons.

(*d*) Any established custom or usage of any industry, either generally or in any particular locality; and

(*e*) The interpretation of an industrial agreement.

We have the extraordinary spectacle of the highest legal authority in the state (Chief Justice Dooley), with the concurrence of his colleagues, roundly condemning the Act in the following terms:

"It is also beyond a question that the arbitration Act, as in force in this state, is an Act which is in derogation of the common law; it does encroach upon the liberty of the subject as regards person and property; it creates new crimes unknown to the common law or contained in any previous statute. It interferes with the liberty of action of both employers and employees. It precludes the one from giving and the other from obtaining employment except upon terms imposed by the Act. It deprives the employer from the conduct of his own business, and vests it in a tribunal formed

under the Act, and it can prescribe terms of management which, however injurious they may be to the employer, he must comply with, under penalties for any breach of the order of the court. There are many matters to which I might refer, such as the operation of the common rule upon persons who have not been before the court, but it is not necessary to do so.

"Further, I think this Act is productive of the most alarming and deplorable amount of litigation with its concomitant ill feeling and ill will between employer and employee who are by this Act forced into hostile camps. I believe the object of the legislature in passing this Act was to promote peace and good will between employers and employees, but I fear it has not done so."

Against the pronounced wishes of the Labor party, which was most anxious to have the compulsory arbitration measure renewed and made a permanent act, the law was abondoned. In this connection it can not but be of interest to note the attitude in this action of ex-Attorney General Wise of New South Wales, under whose direction and generalship the Compulsory Arbitration Act of 1901 was placed on the statute book. The following is his statement:

The object of the Compulsory Arbitration Act was to make bargaining collective; therefore, under the Act, trade unionism was made the industrial unit. For this purpose, unions were given power under the Act to make contracts and sue members for fees and the court was give power to grant preferences to unionists in the giving of employment, provided the union limited its right to strike, and its rules were approved by the registrar so that it might not become a close corporation. This implied that only the union could set the Act in motion on behalf of the men.

The Act further provides that industrial agreements made between employers and men and approved by the court should be enforceable so that penalties could be recovered for a breach. The award to hold for two years.

More than two thirds of the industries of the state, including thirty different trades employing 150,000 men, were working under industrial agreements.

In June, 1905, the high court held that industrial agreements could not become a common rule; that is, could not be made to apply to the trade generally. The Act was not amended to cover this weak spot and the most useful part of the measure went by the board.

A further result was that the industries which had been regulated by agreements now rushed to the court, causing great congestion and final breakdown of the tribunal.

Several other decisions were given which hampered the operations of the court without the necessary amendments being made to the law. Whereas in New Zealand the Act was amended seven times in the first five years of its existence.

EFFECTS OF THE ACT.

For the first five years there were no strikes. There were a few spasmodic outbursts in later years, owing to the impossibilities of getting cases heard. The case of the New Castle unions, for example, was in court four years before a hearing was obtained, and even then a special tribunal had to be appointed. Even in the three or four actual strikes, all in coal mines or maritime trade, no support was given the other unions. The system killed sympathetic strikes.

By establishing a minimum wage it abolished sweating, and it strengthened unionism by establishing a preference for unionists in about half the awards.

The congestion of business, the overloading of the arbitration court with motions for penalties which should have been heard by magistrates or by the registrar, caused a final breakdown of the judicial machinery, the hostile administration in power rendering no assistance due to its policy to destroy the Act.

The Act, however, established the principle that the public has the same interest in checking industrial disputes as in preventing street brawls. The proof of this is

that even the opposing political party on getting into power adopted all the essential principles of the Act, and which are now in force, simply changing the method.

I never contended that the Act would absolutely prevent strikes, its purpose being to prevent strikes and lockouts, and to compel both parties to operate, if they *do* operate, in accordance with the award. But there was nothing in the law to compel men to work or employers to keep their shops open if the award was *not* satisfactory to them.

Ex-Attorney General Hughes in this connection said:

The old New South Wales compulsory arbitration law made distinctly for industrial peace. It prevented any serious industrial outbreaks during years of great prosperity when labor was well organized. Under ordinary conditions there would have been conflict.

Chief Secretary Wood said:

Compulsory arbitration meant congestion and delay by appeals, and it had a tendency to widen differences and cause an increased unfriendly feeling between master and men.

The possible point of failure in compulsory arbitration is the inability to enforce decisions against a large body of men.

Registrar Addison in this connection said:

As proof that the compulsory arbitration law did not, and does not, contemplate the enforcement of its decisions, the record is cited that between June, 1904, and June, 1908, there were thirteen cases where men struck work after the court award, refusing to obey the awards. In only one instance were the men brought into court—that was in Rhonda, Northumberland and Northern extended mines—and the decision on a technicality was in their favor, on the ground that their agreement with their employers did not stipulate that notice to quit work must be given. The award, it was claimed, simply established the point that if they returned to work they must do so on the terms of the award. Nothing in the award could prevent them from exacting better terms if, having a monopoly of labor, they could do so.

Prime Minister Wade, on being invited to express his opinion on the recent Arbitration Act, said:

The Compulsory Arbitration Act resulted in congestion of cases. The long wait of one and two years for decisions led to labor unrest, resulting in numerous strikes. Under the compulsory arbitration law cases were manufactured because of the desire to take advantage of the ignorance of the assessors.

Preference, as a rule, being given under the awards to unionists, union membership was increased and used for political purposes.

Prompt action in labor disputes is most important. But under compulsory arbitration law, there were two possible appeals from the judgment of the industrial court, first to the full court, and then to the high court.

To convict for violation of an award meant a jury trial with but rare instances of conviction. Under our new Act there is no delay. The board consists of experts and appeals are cut out by confining finality to the industrial court, which has power to act summarily.

The crown initiates the prosecutions for violations of the wages boards awards.

Judge Heydon, president of the industrial court, said:

The real objection to the old compulsory arbitration court was the fact that the court was congested. Provisions against strikes were severe but ineffective. The strike in the New Castle coal mine showed the law to be useless. The tendency of the arbitration court was to raise wages. The court was a boon, as are the present wages boards, to the "sweated" workers.

In this connection I am prompted to quote the following extracts from a letter written by Judge Heydon in October, 1907, to Henniker Heaton, Esq., M. P.:

There is a good deal of confusion of thought in the public mind as to the objects to be obtained by the introduction of compulsory arbitration in industrial matters. * * * Properly speaking, however, the objects aimed at are (1) the prevention of sweating, and (2) the prevention or limitation of strikes and lockouts.

Of these the former is of much easier attainment, and is free from most of the difficulties with which the second is beset. The sweated classes are, as a rule, the weak classes, who can do little or nothing for themselves. In their case the tribunal becomes one exercising protective function, and the statute creating it and clothing it with the necessary powers is related to the measure by which the conditions in factories, the labor of women and children, and the closing time of shops is regulated. Taken altogether, they amount to no more than the imposition on the competing industrial capitalists of conditions subject to which their competition is to be carried on, conditions intended to protect the weak, and in the interest of society and humanity to prevent them from being ground down in the cruel mills of intense competition. An industrial arbitration act going only so far as this can hardly be called by any one a socialistic measure. If it is, then the other legislation to which I have referred is also socialistic. It no more discourages individualism and prevents competition than did the law that prevents the competitor from killing his rival. It permits competition and encourages individualism by giving to the competent enterprising employer the full reward of his industry, but, in the interests of the community, it lays down certain laws subject to which competition must be carried on.

I think that it can be said with considerable confidence that in this aspect of its operation industrial arbitration has, in Australia and New Zealand, come to stay, and will remain a permanent feature of our social life. The employment of men and women under cruel condition and for grossly insufficient wages is most repugnant to public sentiment. We are united in a strong desire to prevent it, and nearly every one is reconciled to the idea of preventing it by means of a tribunal whose decisions shall be binding.

The second object of compulsory industrial arbitration is much more difficult of attainment. To forbid strikes, and compel industrial disputants to come to a court, and to clothe that court with power to regulate, by a compulsory decree, the conditions that prevail in every industry in which the parties are unable to agree of themselves, is to intrude into a totally different sphere. If there are weak classes likely to be imposed upon, and in the ordinary sense of the term, sweated, and to whom it is in the highest degree just that a fair living wage should be awarded, there are also strong unions able, without the assistance of any tribunal, to win for themselves terms which rise as far above a fair living wage as those of the sweated classes fall below it. To take away from those men the weapon of the strike, and to impose upon them the compulsion of a peaceful award is to enter at once upon difficulties of the gravest character. They consider that they have (as indeed they clearly have) the right to the best wages they can get, and any court which imposes on them a wage which in their opinion is smaller than that appears in their eyes, unless they have the fullest confidence in its personnel, is an unjust tyrant.

In the humanitarian function of the court, first mentioned above, it is evident that there can be no question of compelling the worker; he is only too glad to get from the justice of the community the relief which he can not win for himself. Compulsion, therefore, must bear upon the employers, but a man has really no more right to carry on business by paying a sweating wage than by paying no wage at all. Other employers usually welcome the introduction of a uniform rule, which enables them to pay a fair wage by compelling their competitors to pay it.

A battle royal took place in the New South Wales legislative assembly when a new bill was brought in by Premier Wade in March, 1908, pro-

viding for wages boards supplemented by an industrial court, in lieu of a compulsory arbitration court, which had ceased to exist by the termination of the act created for six years in 1901.

The Labor party fought against overwhelming odds to retain compulsory arbitration with its preference to labor unionists and its limitation of apprentices, but was finally defeated. I quote the following from the speeches delivered on that occasion by Premier Wade, which give a most interesting and comprehensive résumé of the points of failure of the old act and the essential features of the new measure.

ARBITRATION COURTS.

INDUSTRIAL DISPUTES BILL.

(Extract from speeches by Premier Wade.)

Page 2: We have taken as far as we can the legislation of adjoining states and countries, and from our experience of the past, introduced elements which may tend to make more perfect the purposes which we have in view.

Pages 3-4: In the first place the compulsory arbitration court, in their anxiety to be seized of all the history of the particular trade before them, spend a large amount of time in being initiated and taught the elements, the A B C of the trade. With these two preliminary difficulties—first of all, the want of knowledge on the part of the court leading to the loss of time in the educating of themselves in regard to the trade, and the further loss of time involved by putting forward claims of an extravagant and baseless nature, there has been an enormous amount of time consumed in an unprofitable and expensive manner.

Page 5: The inexperience of the court, the extravagance of the claims made, and the presence of the legal fraternity led to an immense prolongation of nearly every case that came before the court. The result was necessarily an increase in expense, which became very heavy in some cases. We find that during the first twelve months of the life of this court it dealt with only eleven disputes, which were all prolonged and some to a very great length. But at the end of a year there was a list of something like seventy cases which had accumulated and were waiting determination by the court.

Page 6: The court was, I might say, rushed with claims from industries of all descriptions advancing grounds for redress at the hands of the court. I have actually heard it stated on the part of more than one industry that their real purpose was to secure preference by the court, that their condition of life was not so bad after all. When the unions saw that whether they achieved success or not in the way of an increase of wages, they, at all events, had the opportunity of having the preference clause granted them by the court, there was naturally a rush by all the industries that could do so to come before the court, and if possible obtain that result. * * * Under these circumstances, by a particularly simple method, which was not for a moment contemplated by those who formed the act, the opportunity was given the labor unions to strengthen their political organization with the disastrous results to the arbitration court as an industrial tribunal of congesting its work in a most deplorable way. The very first we ask for in any useful tribunal is a ready access to that body in the case of trouble. It is no use to be told, "Lay down the weapons of a strike; stop your lockout; when trouble arises, go before this tribunal of peace, which will deal with your case promptly and without delay." What is the good of that cry, what is the use of the remedy, when you find in the case of trouble that those unions which have a real substantial grievance can not expect redress unless they wait for one, or, possibly, two or more years? It is hardly to be wondered at under these conditions that there might be a union with a real substantial grievance which could not approach the court, and in despair took the alternative of trying to redress things in its own way.

WAGES BOARDS.

Page 20: The main points we make for this proposed wages boards bill, as I say, are expedition, simplicity, finality and determination by a body of experts.

Page 27: A separate tribunal is appointed by the bill to carry out the other necessary conditions of the statute which is to enforce those awards and to punish for breaches of them. And it is obvious that when you have boards, all of which consist of lay members without legal experience, and the necessity of many of them having as their chairman a layman also it would be unwise to provide that that same body, possibly of laymen, too, should have the power of enforcing awards, inflicting penalties, and possibly imprisoning persons convicted before them; and there is the further anomaly that when you have a board, or, what might be called a bench, composed of employees and employers, it would lead to endless friction and disastrous results if it were possible for the employees to send their employers to goal by their award, or if the employers sent to goal their employees who might possibly have been working in harmony with them on the same board a short time before, so it became essential to make this broad dividing line: to have the making of the trade conditions in the hands of the boards, and to have some other tribunal as a body to enforce these awards when made.

"CLOSED SHOP."

The law goes no further than to say that it shall not be obligatory to grant any preference in its awards to members of unions. It leaves the point to be determined between the parties. In consequence, there are some unions, notably in the hat industry, that refuse to allow their members to work with nonunionists in the same industry. These, however, are exceptional cases. As a rule, union and nonunion men work side by side.

EFFECT OF STATE INTERVENTION ON CAPITAL IN INDUSTRIAL ENTERPRISES.

The opponents of State intervention in labor disputes maintain that such intervention has made for the driving out of capital and the discouragement of industrial undertakings.

A recent writer on this point says: "While some capital may have been frightened away because of state labor legislation, such legislation has actually given a feeling of security and permanency to industry consequent on its having rendered serious strikes improbable. As these facts become more generally known, it will be conducive to inviting the investment of foreign capital."

The following facts taken from the latest government report, 1909, do not substantiate the charge that State intervention in labor disputes affects industrial growth unfavorably:

Manufactories 1903	3,476	
Manufactories 1907	4,387	
Increase	911	26.20 per cent.
Hands employed 1903	66,269	
Hands employed 1907	87,194	
Increase	20,925	31.57 per cent.

WAGES BOARDS.

The act adopted in April, 1908, in lieu of the compulsory arbitration act of 1901, which had expired by limitation, bears the title of "Industrial Disputes Act of 1908."

Briefly, it includes a schedule of about eighty industries, and provides that on application of employer or employers of not less than twenty employees, or a trade union registered under the act having a membership of no less than twenty employees, or, in the absence of an existing trade union, twenty employees of an industry, the industrial court may recommend to the minister that a board be constituted for such industry. Or, without any application, the minister on recommendation of the industrial court may direct a board to be constituted.

Each board consists of a chairman and not less than two nor more than four other members, one half employers and the other half employees who are or have been engaged in the industry.

The appointment of the members is made by the governor on the recommendation of the industrial court, which, as a rule, accepts the nominees of both parties, or in the event of the parties failing to nominate, makes its own recommendation to the governor.

Where the parties agree on a chairman, such party is nominated by the court. Failing to agree, the governor appoints a supreme or district court judge, or some person nominated by the court. The chairman, in his discretion, may appoint two or more assessors representing both sides to advise on technical points, but without voice on the board. Members of the board and assessors are sworn to secrecy on penalty not to divulge any evidence relating to trade secrets; the profits or losses or the receipts and outgoings of any employer; the contents of books of an employer or witness produced; the financial position of any employer or witness. The members of the board hold office for two years. The governor fixes the fees paid board members and assessors.

Proceedings are commenced before a board, by reference to the board by the industrial court, or, by application, to the board by employers or employees. The board has the power to—

a. Decide all disputes;

b. Fix the lowest prices for piecework and the lowest rate of wages payable to employees;

c. Fix the number of hours and the times to be worked in order to entitle employees to the wages so fixed;

d. Fix the lowest rates for overtime and holidays, and other special work;

e. Fix the number or proportionate number of apprentices, and the lowest prices and rates payable to them;

f. Appoint a tribunal for the granting of permits allowing aged, infirm or slow workers to work at lower than regular wages;

g. Determine any industrial matter;

h. Rescind or vary any of its awards.

The decisions of the board, subject to an appeal to the industrial court, are binding on all persons engaged in the industry within the locality specified for the period fixed by the board, not less than for one nor greater than three years. The board may conduct its proceedings in public or in private, at its discretion. It may exercise in respect to witnesses and documents and persons summoned, giving evidence before it, the same powers conferred on a committee of elections and qualifications. An employer's books may be called for only in the event of his claim that the profits of his business are not sufficient to enable him to pay the wages or grant the conditions claimed.

No advocates are allowed to appear before the board without the consent of the chairman. Decisions of the board, if not presided over by a judge, may be appealed from to the industrial court within one month by any trade or industrial union, or by any person bound or intended to be bound by the award. The industrial court only may rescind or vary any award or order made by the board. It may also cancel or vary any recommendation made by it. An employee may apply to the industrial court within three months for an order to recover from the employer the full amount of any balance due for wages as fixed by the board, notwithstanding any smaller payment or any express or implied agreement to the contrary. Such order is deemed a judgment for the amount.

PROHIBITION OF LOCKOUTS OR STRIKES.

If any person does any act or thing in the nature of a lockout or strike, or suspends or discontinues employment or instigates to or aids in any of the above mentioned acts, he is liable to a penalty not exceeding one thousand pounds ($4,850) or in default to imprisonment not exceeding two months. Nothing, however, prohibits the suspension or discontinuance of any industry or the working of any person therein for any cause not constituting a lockout or strike. Any person committing a breach of an award of a board or of the industrial court is liable to a penalty not exceeding fifty pounds ($242.50), and in default of payment to imprisonment not exceeding three months, or for a willful act or default of the person charged, the court may in lieu of such penalty imprison for not exceeding three months.

To dismiss an employee because he is a member of a board or a trade union, or for any other reason, having in view the evasion of an award, lays the employer liable to a penalty not exceeding twenty pounds ($97.00) for each employee so dismissed. In every case it lies with the

employer to satisfy the judge that such employee was dismissed by reason of some facts other than those mentioned. Proceedings for any offense against the provisions of the act are taken before the industrial court, and are heard and determined in a summary manner.

The court may order a trade union to pay out of its funds any amount not exceeding twenty pounds ($97.00) of the penalty imposed upon any of its members, unless it can be shown by the union that it exercised every reasonable effort to prevent its members from going on strike or from taking part in a strike or instigating or aiding a strike. The decision of the industrial court is final.

Employers and employees must give at least twenty-one days' notice of an intended change affecting conditions of employment with respect to wages or hours. During the proceedings before a board, neither party can alter the conditions of employment with respect to wages or hours. "Statu quo" must be maintained. The foregoing, in substance, are the salient points of the law enacted in April, 1908, and amended in December, 1908, and known as the "Industrial Disputes Act of 1908." It will be noted from the foregoing provisions of the New South Wales industrial dispute act, that practically it is the Victorian wages board system described in my preceding report, combined with certain features of the New Zealand compulsory arbitration act. As a matter of fact, Premier Wade, the framer of the act, stated that he had taken as far as he could the legislation of adjoining states and countries with the view of making the act more perfect for the purpose in view.

At this writing the act has been in operation less than a year. It is, therefore, altogether too early to determine how nearly it is likely to achieve the results aimed at by its framers, in establishing a higher degree of industrial peace than was achieved under the compulsory arbitration law of 1901.

ATTITUDE OF LABOR COUNCIL.

The Labor Council of Sydney received the act in the most unfriendly spirit. It was hostile to the measure because (*a*) it did not provide for preference in employment to unionists; (*b*) it did not limit apprenticeship; (*c*) it provided that any twenty nonunion employees could collectively unite in asking for a wages board, thus, in the opinion of the Labor Council, making against unionism. The council agreed that if nonunionists could secure wages boards there would be no incentive for men to join unions, when without a union they could get the desired awards. Accordingly, the Labor Council passed a resolution calling upon the unions to refrain from registering under the act with the view of making it a dead letter and defeating its purpose.

Unionists soon found, however, that the fears of the Labor Council were groundless. In no instance thus far have applications for wages

boards been made by nonunionists and unionism has continued to grow. Union members soon discovered that the law afforded advantages to labor in the way of establishing fair working conditions and the prevention of sweating that labor could not afford to ignore, so that despite the condemnatory resolution of its own council, unions have steadily been registering under the act and making the fullest use of the legal machinery provided for the betterment of labor conditions and the settlement of labor disputes.

The official record on April 7, 1909, as furnished me by Premier Wade, stood as follows:

Number of labor unions registered under the act of 1908	59
Number of applications for boards	62
Number of boards appointed	36
Number of determinations of boards	18
Number of boards sitting	4
Number of hearings not yet begun	13
Greatest number of boards sitting at one time	12

Since leaving Sydney I have been informed that the Labor Council has rescinded its resolution against the wages board act, having realized that it is not proving disadvantageous to unionism. On the contrary, the unions have found the following advantage under the new act, which they seem to value highly and which they did not enjoy under the compulsory arbitration act.

Under the old act unions could get judgment against members for unpaid dues, but found it almost impossible to collect such judgments. Under the new act unions can get judgments from a district court, with power to garnishee or attach wages or levy on the property of a delinquent member, with the penalty attached of imprisonment in default of payment.

Despite the fact that the law is yet in its infancy, and too young to pass upon it any definite judgment, evidences would indicate that it is likely to prove successful. We have seen that, despite the hostile attitude towards it in the beginning on the part of the Sydney Labor Council, unions were not slow to avail themselves of the benefits it affords and that out of about eighty industries scheduled in the act as entitled to wages boards, fifty-nine unions registered under the act in the first few months of its existence. On the other hand, employers have expressed to me the opinion that in their judgment the wages boards system is making for industrial peace, and that it is a far better system than and a great improvement on compulsory arbitration, pure and simple, since it prevents congestion of cases (Premier Wade stated that thirty cases had been disposed of in the first eight months of the act), brings the knowledge of experts to bear on disputes, and tends to bring employers and men together, making for the wiping out of prejudices

and the creation of more cordial relations, the decisions of the boards, as a rule, having been generally accepted.

The secretary of one employers' association said that the wages boards are bringing about a higher degree of industrial peace, and the secretary of yet another employers' association made the statement that the members of his association were quite satisfied with the New South Wales wages boards law, since they did not provide for preference to unionists.

VIOLATION OF WAGES BOARD ACT.

There have been two important convictions for violating the provision against strikes and lockouts since the act went into operation. The first was against the Lithgow Iron Works, who were convicted and fined by the industrial court on March 13, 1909, in the sum of $250 and $55 costs for a lockout; and the second case was that of the union of rock-choppers, the secretary of which unlawfully instituted a strike which led a number of men in the employ of the metropolitan district water supply and sewerage board to discontinue their work. Prosecutions were instituted against one hundred and eighteen members of the union. The cases against the officers of the union charged with instigating the strike were heard. The two secretaries and the executive officer were fined $150 each or six weeks' imprisonment, and the president of the union was fined $200 in default of two months' imprisonment.

THE MINIMUM WAGE—DOES IT MAKE FOR THE DEAD LEVEL?

Despite the fact that New South Wales employers welcome the wages boards in preference to compulsory arbitration, many of them contend that the minimum wage which it establishes tends to create the dead level among workmen and to diminish output by pulling the efficient worker, by virtue of his wage being cut to the minimum, down to the level of the less efficient worker.

My investigations have led me to the conclusion that where employers stand upon the letter of the law and reduce the wages of the more efficient men down to the legal minimum, it tends toward the dead level, and makes for deadening the ambitions of such workers.

In the industries where unskilled labor is employed, due to the fact that the law has established a fairly high minimum ($1.75 to $1.87 per day) which, considering the greater purchasing power of money here, is fully as high if not higher than the average wage paid unskilled labor in the United States, the minimum, as a rule, becomes the maximum wage. The incentive for efficiency largely remains, however, even among unskilled workers, due to the desire to retain employment, employers naturally giving the more efficient workers a preference.

In the skilled trades, however, I found that few intelligent employers stand upon the letter of the law and cut the wages of highly efficient men down to the minimum.

At my request Premier Wade had compiled from the factory schedules on file with the Chief Factory Inspector, the figures showing the actual wages paid in registered factories. From the following table it will be seen that the law does not make for the dead level and that aside from foremen, over fifty-one per cent of adult workers receive more than the minimum wage fixed by law, showing clearly that the merit system largely prevails and that employers differentiate between their workers, thus offering an incentive for higher efficiency and a larger output.

PREMIER'S OFFICE, SYDNEY, 5th June, 1909.

DEAR SIR: I have endeavored to secure the information you asked for with regard to the minimum wage. The particulars, however, are not collected in that detailed form which makes deductions allowable. Only a rough calculation is possible under the circumstances, which I scarcely like to put forward as being able to stand the test of examination.

The information so far is collated in respect of adult workers only—that is, foremen are excluded, also workers under twenty-one years of age, as well as old, slow workers who work for less than the minimum wage. However, I think the information is so far reliable as to prove that a proportion of workers, under awards of the court, do receive more than a minimum wage.

I forward a table that has been prepared. I think it would be wise to take it as correct on general lines and not to be relied on in detail until there has been opportunity of going into the question more thoroughly and at greater leisure.

Yours faithfully,

(Signed.) C. S. WADE.

COLONEL H. WEINSTOCK,
Special Labor Commissioner for California.

MINIMUM WAGE—ARBITRATION COURT AWARDS.

Industries.	Receiving minimum wage.	Receiving over minimum wage.	Not classifiable.	Proportion receiving above minimum wage.
Tanners	113	350	28	75.6 per cent.
Brickmakers	672	139	136	17.1 per cent.
Sawmills	330	197	118	37.4 per cent.
Ironworkers' assistants Engineers (ironworks) Stovemakers	729	251	99	25.6 per cent.
Wire netting workers*	----	----	----	----
Bakers	652	321	189	33.0 per cent.
Cold storage employees	52	14	20	18.4 per cent.
Tailoresses	187	1,011	9	84.4 per cent.
Boot employees	747	495	171	39.8 per cent.
Pressers (clothing)	76	33	----	30.3 per cent.
Saddlers	77	80	11	51.0 per cent.
Furniture makers	99	306	35	75.5 per cent.
Wire mattress workers	11	30	17	73.2 per cent.
Gas employees	47	816	154	94.5 per cent.
Laundries	353	343	23	49.3 per cent.
Brushmakers†	----	----	----	----
Total	4.145	4,386	696	51.4 per cent.
Total of minimum and over minimum wage				8,531

* All on piecework.
† Great majority on piecework.

CONCLUSION.

The experience of New South Wales with its labor legislation is of profound interest to the investigator because of its progressive character. While it is yet perhaps in an experimental stage, it has made important strides along the line of achieving the results aimed at, namely, the abolition of sweating and the maintenance of industrial peace.

In the beginning, it created legal machinery for the settlement of labor disputes by voluntary conciliation and arbitration and in common with other states and countries found it inefficient. It then went to the other extreme and created a most drastic compulsory arbitration law. This, also, it found largely ineffective, due to inherent defects in the law that tended to friction, delay and great difficulty in enforcing court decisions. Profiting by these experiences it sought a happy medium by creating wages boards, where employers and employees can be brought together under favorable and friendly conditions with every incentive to come to a voluntary understanding which is legalized by the court. In the event of a failure to do this, it is made possible to reach a conclusion by the intervention of an impartial chairman, which conclusion is likewise legalized by the court, which under the law is given power to enforce the decision. In this wise, a way has been found not only to minimize the evil of sweating, but also to reduce possible strikes and lockouts to the fewest number. The record of the first eight months of the operations of the act is encouraging.

The awards of the wages boards have generally been accepted, with few, if any, appeals to the court. Violations of the law have been promptly and summarily dealt with by the court, and the claims and counterclaims of the employers and employees have had a prompt and expeditious hearing.

Doubtless weak spots in the act that will need attention will show themselves as time goes on; but with the present favorable attitude toward the measure on the part both of employers and wage-earners, no difficulty should be experienced in strengthening such weak spots in an equitable manner with justice to employers and men.

AUSTRALIA.

Australia is primarily an agricultural and pastoral country. In 1908 the area under crop was 9,355,052 acres. The estimated value of production from industries in 1907 was as follows:

Agriculture, including pastoral	$469,218,000
Manufactures	182,239,000

It will be seen from these figures that agriculture produces more than two and one half times the value of manufactures in Australia and is likely to continue doing so for an indefinite period. The sparseness of its population—about 1.37 persons to a square mile, or 4,197,037 people in a country with an area of 2,974,581 square miles, making it substantially as large as the United States—makes it hardly possible to maintain manufactories on a scale successfully to compete with the great industrial countries of the world. In 1907, manufactories had grown sufficiently large, however, to keep busy 12,555 factories, employing 248,841 hands.

STATE EFFORTS IN BEHALF OF WAGE-WORKERS.

For the past thirty-five years the Australian governments have given much attention to the condition of its factories workers, the first factories act having been passed in 1873. Much of this has been due to the efforts of trade unions, whose history in Australia dates back to 1859.

In this connection the official Yearbook for 1909, page 1048, says:

DEVELOPMENT OF TRADE UNIONS IN AUSTRALIA.

Each state in the commonwealth, it may be said, has enacted with more or less elaboration, legislation respecting trades unions and respecting regulation of the conditions of industrial life, particularly those of factory employment; and each state, except Tasmania, has regulated the hours of business for the great majority of shops. Some of the states have also established machinery for the regulation of wages, as well as of other matters connected with employment.

At the present time there is an obvious tendency to adjust such matters throughout Australia on uniform lines. The industrial conditions of any state in the commonwealth naturally react quickly on any other State. This is one of the consequences of a unified tariff, and of the fact that the general economic conditions of any one part of the commonwealth must necessarily affect any other part. An expression of the intimacy of these economic and industrial relations of different parts is seen, for example, in the refusal of the arbitration court in New South Wales to fix the wages in the boot trade at a higher rate than that fixed by the wages board in Victoria, because of the additional burdens that such a rate would place on local manufacturers.

LABOR IN AUSTRALIAN POLITICAL LIFE.

Speaking of the part played in the political life in Australia by labor unions, the same authority says, pages 1051-2:

It was during the decade 1880-90 that the trades unions of Australia espoused direct legislative representation and advocated state interference between employer and employee. This policy has been called "new unionism." A resolution affirming the desirability of parliamentary representation of labor being passed at the congress of 1884, a number of members representing the special interests of the wage-earners were elected to the legislatures of several states, but the unions took no steps to obtain representation by men chosen from among their own ranks until after the great labor trouble of 1890-92. In that time serious strikes occurred in the maritime, shearing, and mining industries, and it was then that the Labor party proper was formed, though a certain amount of ameliorative legislation had already forced its way into the statute books of the states. Since 1890 the party has considerably influenced Australian politics. In the year 1904 a labor government occupied the commonwealth treasury, and again in December, 1908, a second labor government took office. The second Deakin ministry had the support of the Labor party. In South Australia the premier is a direct labor representative. In Queensland a third of the House of Representatives are labor members. In New South Wales the election of 1907 strengthened the party, and it is now an important element in Parliament. Victoria and West Australia have also elected a considerable number of direct labor representatives.

Under the heading of "Limitation of Hours" the Yearbook, 1909, says, page 1056:

As already remarked, the adoption of the eight-hour system for adult males has generally been the outcome of the representations made by the trades unions. Except in New Zealand, there is no general legislation to enforce the principle, although there is now a general recognition of it. A week of forty-eight hours is the usual working week. The larger unions, however, have lately moved for a net day of eight hours with Saturday a half-holiday, no loading of other days being permitted as compensation for Saturday afternoon. Under this scheme there are for five days equal divisions for periods of work, recreation and rest, and four hours' work on Saturdays, making a working week of forty-four hours. In the majority of occupations forty-eight hours weekly is the recognized limit of work. On the establishment of wages boards and arbitration courts, in the states where those institutions exist, the authorities thus created adopted the rule as a part of their determinations and awards whenever it was reasonably practicable. In some technical and specialist trades a lower maximum has been fixed, such as, for example, the typesetting machine operators in Victoria, for whom the maximum has been fixed by the wages boards at forty-two hours weekly. Reasonable provision is made by statute or award for work performed outside of the scheduled hours. Organizations of employees, however, oppose overtime in any industry until all the operatives in that industry are working full time.

In speaking of "Labor Legislation," the Yearbook, 1909, says, page 1064:

Two systems, based on different principles, exist in Australia for the regulation of wages and general terms of contracts of employment. A "wages board" system exists in New South Wales, Victoria, Queensland, and South Australia, and an arbitration court in West Australia. In New South Wales industrial arbitration act of 1901-05 instituted an arbitration court. This court expired on the 13th of June, 1908, having delivered its last judgment on the previous day. Wages boards were substituted under the industrial disputes act of 1908. There is also the arbitration court of the commonwealth which has power, however, to deal only with matters extending beyond the limits of a single state.

In 1904 the Commonwealth Parliament enacted a law known as the "Commonwealth Conciliation and Arbitration Act," having for its end a system of compulsory arbitration for all interstate labor disputes, with the view of preventing strikes and lockouts.

The provisions of the act, in brief, are as follows:

The court has jurisdiction for the prevention and settlement of interstate industrial disputes, with power to conciliate with the view to amicable agreement between the parties, failing in this, to make an equitable award.

The states may refer industrial disputes to the court, and permit the workings of the court and state industrial authorities to aid each other.

The law forbids interstate strikes or lockouts, subject to a penalty of £1,000 ($4,850). The award of the court is binding on all parties to the industrial dispute.

Assessors, one each representing employers and employed, may be appointed by the court for the purpose of advising it in relation to the dispute, and to discharge such other duties as the court may direct. The court has power to fix maximum penalties for any breach or nonobservance of an award, not exceeding £1,000 ($4,850) in the case of an employer or an organization, £10 ($48.50) in the case of an individual member of an association.

Power is also given the court to summon before it parties to the dispute and witnesses and to compel the production before it of books, documents and things for the purpose of reference only as to matters that relate to the dispute.

The court may prescribe a minimum wage and appoint a tribunal which shall have the power to fix a lower rate in the case of workers who are unable to earn the prescribed minimum wage.

It may direct that other things being equal, a preference be given to members of labor unions.

In addition to the monetary penalty imposed, the court has the power to deprive those failing to observe an award, of all rights and privileges under the act, and to any official position in any organization interested in the award, and all existing or accruing rights to any payment out of the funds of any organization interested in the award.

Fines, fees, levees or dues payable to any labor union by any member may after registration be sued for and recovered in the name of the organization in any court of summary jurisdiction.

We have seen that the various Australian states have their separate labor legislation. The commonwealth industrial court being empowered to deal only with cases that affect more than any one state. In this connection the Yearbook for 1909, says:

THE NEW PROTECTION.

The wide difference between the developments in the several states of the commonwealth of the regulation by state institutions of the remuneration and conditions of the worker has given rise to the desire on the part of the commonwealth government to secure uniformity throughout Australia by any suitable and constitutional action on the part of the commonwealth. The provisions of state wages laws vary considerably. In New South Wales, Victoria, and West Australia some experience has been gained of their working. The wages board system is new in South Australia and Queensland. Tasmania is without legislation. The desirability of uniformity has, as already mentioned, been recognized by the New South Wales arbitration court, which refused the bootmakers' union an award which would increase the wages of its members to amounts exceeding those paid in Victoria in the same trade, the expressed ground of the refusal being that New South Wales manufacturers would be handicapped by the payment of a higher rate of wage than that prevailing in Victoria. This attitude can not be made effective by the arbitration court of the commonwealth, which has jurisdiction only over industrial disputes extending beyond the limits of any one state.

This desire on the part of the government, backed as it is by the labor unions, is being strenuously opposed by employers and by the advocates of state rights; the former because on principle they are opposed to compulsory arbitration, and the latter because they fear too great a centralization of federal power.

The Australian federal law is substantially the same as that of New Zealand. The cardinal principle in both laws is that labor loses the right to strike and the employer loses the right to lockout, and that the court has the plenary powers to summon before it the parties likely to cause industrial strife. It postulates organization. The men especially must organize, hence, the law makes for unionism.

The commonwealth arbitration law has now been in existence for about four years and a half. The only strike or lockout thus far calling for federal intervention was at the Broken Hill mines, in New South Wales, involving over 4,000 men. In dealing with the decision in this case, I quote from the Melbourne *Herald* of March 12, 1909:

ARBITRATION—BROKEN HILL DECISION.

In the first civil court to-day, Mr. Justice Higgins, president of the Commonwealth Court of Arbitration and Conciliation, delivered his judgment in the case of the Amalgamated Miners' Association of Broken Hill (claimants) against The Broken Hill Proprietary Company, Ltd. (respondents).

The judgment constitutes an arbitration award under the conciliation and arbitration act, and fixes the wages and hours of the men employed by the Broken Hill Proprietary Company at Broken Hill and Port Pirie. * * * The dispute between the company and the men commenced when the directors of the company, on December 7th last, posted a notice at the mine stating that the "present rate of wages, less the bonus," would remain in force on and after December 21st.

The men at once accepted this notification as meaning a reduction in wages. The directors of the proprietary company asserted that the wages as paid on October 31, 1903, under an award by the New South Wales arbitration court were still in force, but that in addition a percentage increase by way of bonus was paid under an agreement made in 1906, and which expired on December 31st last. This percentage increase, which placed the wages on the same scale as that paid by the principal

companies in Broken Hill other than the Broken Hill Proprietary Company was to be withdrawn, as from December 31st, leaving the old wage still in force. * * * His honor said that the dispute was between a union or association registered under the act, employed in the mining industry, and a company which before the dispute employed 4,195 men at Broken Hill and Port Pirie, mostly members of the association. A dispute arose between the Broken Hill companies and the union in 1903, and a state award was made which lasted till 1905. A conference took place in 1906, and an agreement was made between the union and the twelve principal companies, including the proprietary company.

According to the view of Mr. Justice Cohen, as expressed in the Newcastle Wharf Laborers' Union against Newcastle and Hunter River Steamboat Co., Ltd., of New South Wales, as he (Mr. Justice Higgins) understood it, it was the duty of the company, if it objected to the wages of 1907-8, to continue paying the wages till the arbitration court allowed the reduction of wages. * * * But whether this was the true meaning of the federal act or not, the position was that the mine and all its mills and works were closed and silent, and were picketed by the men; that the company had its immense plant and machinery lying idle, and was losing heavily; that employees, over 4,000 in number, had been thrown suddenly out of work and out of wages; that this huge enterprise, with its hundred branches and trades which had been feeding so many other dependent industries, had suddenly become paralyzed; that the shopkeepers, the shipping, the railways, and incidental industries were suffering; that the resources of many families were severely strained. It was his duty now to try to settle the dispute in the interests of the public.

Then followed his decision, which was in the nature of a victory for the men, since he awarded them substantially the wages for which they contended.

The minimum wage fixed in the schedule includes 8s. 7½d. ($2.07) per day for laborers at Broken Hill and 8s. 3d. ($1.98) at Port Pirie, at 10s. ($2.40) per day for miners on wages.

Forty-eight hours to constitute a week's work, overtime to be paid at time and a quarter, and to include all work on the seventh day of any week, on holidays or in excess of ordinary shift time.

The award to operate till December 31, 1910. The court will not order the company to continue working. The higher wages for 1906-8 was declared to be an increase and not a bonus.

"My duty," said Judge Higgins, "is to make such an award as to set the wheels of this mammoth enterprise going again, if it is possible for me to do so with just regard to the human lives concerned."

The first condition in the settlement of this industrial dispute as to wages is that at the very least a living wage should be secured to these employees. The definition of a living wage adopted is the money necessary to satisfy "the normal needs of an average employee regarded as a human being in a civilized community."

On the point that the mine could not be conducted profitably at the higher wage, Mr. Justice Higgins said: "If a man can not maintain his enterprise without cutting down the wages which are proper to be paid to his employees—at all events the wages that are essential to their living—it would be better that he should abandon the enterprise.

"Unless great multitudes of people were to be irretrievably injured, and society was to be perpetually in industrial unrest, it was necessary to keep this living wage as a thing sacred and beyond the reach of bargaining. But when the skilled laborer has once been secured a living wage he has attained nearly to a fair contractual level with the employer, and, with caution, bargaining may be allowed to operate.

"When the proprietary company asks me to fix wages lower than are proper for the industry as a whole, and adduces as a reason that its mine is now poor and becoming poorer, I can not discern either justice or expediency in the request."

Recognizing the catastrophe of a stoppage of the big mine and his responsibility

in the court, Mr. Justice Higgins said it would be untrue to say the award, by fixing the wage too high, caused the stoppage. What would stop the mine would be the deficiency of payable ore.

Of course it was a catastrophe that this mine should be closed down, but such a catastrophe must take place in every mine at some time, and in this case must occur after a very short interval.

The sliding scale of wages, being only possible with a reduction of living wages, could not be put in the award, for to surrender any part of the living wage would be to surrender the vital point of unionist effort on behalf of an employee.

The reduction of expenditure, £33,000 ($160,000) a half year as a result of reducing wages might mean a dividend, but it would have to come out of the workmen's necessaries of life, would be distributed at the cost of the workmen's breakfast tables.

It would not be fair to blame the directors in their difficult position of responsibility to the shareholders for not proceeding with milling and mining on the strength of undistributed profits. He did not feel justified in ordering the company to continue mining under the circumstances.

"It might be," Mr. Justice Higgins held, "that he had power under the act to compel continuance of work at the mine, but he would not exercise such a power except in extreme cases. It was not for the court to dictate to employers what work they should carry on."

TWO SIGNIFICANT STATEMENTS.

The two significant statements in the decision of Justice Higgins are (*a*) that a living wage must be secured to employees, a living wage being defined as "the money necessary to satisfy the normal needs of an average employee regarded as a human being in a civilized community"; (*b*) that, "if a man can not maintain his enterprise without cutting down the wages which are proper to be paid to his employees—at all events the wages that are essential to their living—it would be better that he should abandon the enterprise."

These doctrines will seem to a good many people in the United States and elsewhere as novel and startling, especially where labor unions are not strong enough to fix and to maintain a minimum wage. To those living where the law of supply and demand in the labor market fixes the wage without let or hindrance, and where there is thus no downward limit to wages, it will seem a most radical step for the law to step in and to say to the employer in the matter of reducing wages "Thus far shalt thou go but no farther." To those also who, when times are hard, and to keep an industry going, cut wages below a living rate, it may seem most radical for the law to say that unless living wages can be paid the industry had better be abandoned.

Yet these sentiments expressed in court, and published in the press, created little or no comment in Australia, and were accepted there as sound and proper.

The decision caused much unfavorable criticism among many employers, not because of the foregoing sentiments, but because they maintained that the spirit of the decision and the spirit manifested by the court in the course of the long trial, evidenced a bias in favor of the

employees. The decision also caused disappointment on the part of the employees, because the court did not exercise its discretionary power in ordering the mine owners to resume operations in full on the terms of the award.

CONCLUSION.

The sentiment of many employers throughout Australia was strongly against the commonwealth compulsory arbitration act of 1904. This was demonstrated by various resolutions passed on several occasions by various employers' conventions, from among which I quote the following:

ARBITRATION ACT.

(Extracts from presidents' addresses before the Australian Employers' Federation Conference, 1905, pages 8-9 of the report.)

Dealing with the celebrated arbitration act, I feel that the word "compulsory" should never have been left out, because it is really compulsory arbitration under that statute. It is purely class legislation, and is for the purpose of strengthening the unions. It is an experiment to increase the wages of the workers and to give them better conditions of employment in defiance of the economic laws, and it will, in my opinion as a business man, prove an utter fallacy. This act will never work. We are all anxious for conciliation, but we will not accept compulsory arbitration. Neither will the people. That is clearly proved by the actions of the unions in New South Wales. So long as the wind blows the way they want it to, the act is all right in their minds, but directly the judge decides against them the act becomes a very bad one to their idea. The history of compulsory arbitration in New Zealand and New South Wales leads us to the certain conclusion that it is practically impossible in administration.

The act is a distinct interference with the liberty of the subject, and I am confident that the high court, before which the question will have to be fought, will confirm our opinion.

Regardless of the expressed intention of the framers of the constitution, and of the emphasized opinions of eminent legal authorities that it was ultra vires. the compulsory arbitration bill became an act. It was framed on the pernicious lines of the New South Wales act, which the trying and humiliating experience of that state has shown to be an instrument for the oppression of employers and many employees, a provoker of industrial strife, a great check to progress, and a violation of the very foundations of the principle of British freedom on which our nation has been built up, and which cost our ancestors so much to win. It has further proved itself utterly powerless to enforce decisions under it against any except employers. It therefore perpetrates a national crime against the body politic, of oppression on the one side and license on the other, for there is no appeal, and which if continued must, by the workings of the great moral law, end in disruption and destruction.

(Motion passed by Employers' Federation, page 18, 1905 report.)

That this conference of employers confirm the determination of the various employers' associations not to register under the commonwealth conciliation and arbitration act, as the act is in derogation of the common law, and, in our opinion, is a violation of state rights; and, further, that by so refraining a protest is entered against the act, whereas registration might be taken to be an acceptance of its obligations.

The foregoing sentiments were expressed and resolutions adopted in 1905, shortly after the commonwealth arbitration law went into effect. Four years have since intervened and the disastrous results anticipated have not taken place.

Aside from the expression on the part of a few employers, I found no serious public sentiment in favor of abolishing the commonwealth conciliation and arbitration act.

In my opinion the law as applied to the commonwealth has come to stay in its present or perhaps somewhat modified form. The point has been made that the men will abide by the awards in good times when wages go up but not in bad times when wages are cut. From the attitude of the court, and the sentiment expressed by Justice Higgins in the Broken Hill case herein quoted, it must be evident that should times get harder than they have been during the depression of the past twelve months, there is no likelihood of wages being increased, nor is there a likelihood of wages being legally cut below the minimum or so-called living wage. Hence, there is little probability of the men refusing to abide by the court decisions.

In the event of hard times, the poorest workers are likely to be dropped, and any wage above the legal minimum may disappear. But until the courts and public sentiment in Australia change their attitude, the minimum wage is likely to be maintained by the federal compulsory arbitration court, thus tending to the perpetuation of Australian industrial peace.

Furthermore, state wages boards can not deal with interstate issues, such as maritime matters or the grievances of the waterside workers, an organization extending around the Australian continent, and hence, a commonwealth or federal court is imperative.

Unless, as already stated, unexpected and serious ills, greater than any thus far developed, should manifest themselves, the commonwealth industrial act is likely to remain permanently on the Australian statute books.

NEW ZEALAND.

There is much in New Zealand to remind the Californian of his own state. He finds there the same temperate and salubrious climate, the same mountainous country with great interspersing valleys, the same great areas devoted to grain growing, and to pastoral pursuits. He finds grown in the dominion, only in a limited way, however, the pear, the peach, the apple, the plum, the quince, the apricot, the fig, the walnut, the cherry, the gooseberry, the currant, the strawberry, the raspberry, the orange, the lemon, the lime, the grape, and the banana. Orchard planting is progressing, and if New Zealand had a market for the product of its trees and vines, it would develop into a fruit country that would rival California.

The people of New Zealand likewise remind a Californian of those of his own state. He finds among the New Zealanders the same generous hospitality, the same free, liberal, independent spirit, the same open hand and open mind that characterize the people of the Golden State.

The area of New Zealand, including the north and south islands and the group of smaller islands, is 104,751 square miles. Its present population is approximately 1,000,000.

The land suited for agricultural purposes is estimated at 13,000,000 acres. The dominion has a coast line of 4,330 miles. In point of transit it is located about four days' sail from Australia and on a bee line about seventeen days' sail from San Francisco. In the absence of direct communication with San Francisco, the voyage via Vancouver now takes about thirty days.

New Zealand is first of all a pastoral, then an agricultural country. It also has abundant resources in its mines and forests. It has great quantities of forests and valuable timber lands, and also much mining country. Large gold and coal deposits are found here. The yield of its gold mines thus far aggregates over $357,000,000.

The first settlement of New Zealand was in 1825. There has since been a steady but not phenomenal growth, due to its distance and isolation from great populated occidental centers. Its nearest neighbors, aside from the Australians, are the untold millions of Asia, who, if unrestricted, would doubtless speedily overrun this land that, so to speak, flows with milk and honey.

New Zealand is governed by a lower and upper house and a cabinet, all modeled after the British form of government. The members of the

lower house are popularly elected for three years and receive £300 a year ($1,455). The members of the upper house are appointed by the party in power for seven years, and receive £200 a year ($970).

Unlike the commonwealth of Australia or the United States, New Zealand politically is treated as a unit. The Parliament legislates for the dominion as if but one state.

This, as compared with the other governments just referred to, simplifies matters materially and does not involve the consequent problems of state rights nor arouse feelings of state jealousies.

No one thing that New Zealand has done has commanded for her greater attention abroad than her modern legislation in dealing with labor problems. This country has been bold enough to take the initiative and to do pioneering along new and untried lines, while the rest of the world has stood by and with great interest looked on. Her greatest fame has come from the enactment of what has become known as the compulsory arbitration laws, having in view (*a*) the wiping out of the evil of sweating; (*b*) the peaceful settlement of labor disputes, in order to prevent strikes and lockouts.

Her isolation, her compactness, her great wealth, her comparatively small population, her miniature industrial enterprises, have made it possible for her to experiment along legislative lines that other countries not so favorably circumstanced would hesitate even to consider.

Whatever mistakes might be made in such legislation could be rectified within a reasonable time without serious loss or great dislocation of any industry. Whatever financial damage might be done was not likely to be serious enough to do lasting injury.

The initial labor legislative steps were taken shortly after the great sympathetic maritime strike of 1890. In this year the trades unions stood well financed. The seamen's union went on a strike sympathetically with the Australian seamen, who struck because of employment of Asiatic crews. The wharf laborers also went out, and were supported by other unions. The coast trade was paralyzed. Public sentiment, however, was against the strike.

The unions were then few in number. Rural workers came in and took the strikers' places. In the end, the unions lost the strike and were impoverished. This led the unionists to believe that the strike is not the best way to secure their ends. It was decided by them that in the future they would resort to the ballot. In consequence, with the aid of labor, the first Liberal administration was brought into power, by the end of 1890.

At that time it was claimed that the farmers were struggling under heavy mortgages. Money lenders were grabbing the land. Interest being from ten to fifteen per cent. The first act of the new Liberal gov-

ernment was to borrow money at three per cent and loan it to the settlers at four and one half per cent. This rate included one per cent for a sinking fund to go toward wiping out in time the principal, which when compounded it was able to do in a period of about thirty-two years.

The new administration also passed a factory act, seeking the welfare of female and child labor. In early days the government sold land for $2.50, and even as low as $2 an acre, resulting in building up a landed aristocracy. The government then passed an act empowering itself to buy back as much of the land as might be required from time to time and dispose of it in small parcels. Later, the single land tax was adopted. The government reserved to itself the right to buy land at the valuation for assessment put upon it by the owner plus ten per cent. Seeing what the government had done for the farmers, the workers asked "What are you going to do for us?" The government responded in various acts.

The result of the maritime 1890 strike led the then Labor Minister Pember B. Reeves, Labor Secretary Edward Tregear and others to see if there was not some other way than strikes to settle labor disputes. If judges can decide matters affecting life and death and millions in property, why not let them decide matters affecting wages? "There is another party to labor disputes," men such as these held, "the great public. There are not two persons involved in a strike, but three," they said. So New Zealand proposed to say, "We are not going to allow you two, employers and men, to disturb and dislocate our affairs." It proposed to say to the parties to the dispute, "Take your industrial troubles before a disinterested tribunal who shall decide between you."

In a document issued by the Labor Department of New Zealand the following appears:

SWEATING.

The New Zealand legislature decreed that all textile work should be done in factories, and that all workrooms employing two or more persons must be registered under the act. It is also forbidden to sweat by permitting (*i. e.*, generally, by exercising indirect compulsion) a factory worker to take home work to finish, and so to toil through unreasonably long hours in probably unhealthy surroundings.

The following is a short list of earnings and hours worked in some of the sweated trades in England shown in the exhibit:

Description of work.	Rates paid.	Average working day.	Average earnings per week.
Bag making	4d. (8c) per dozen.	16 hours.	4s. 0d. (96c)
Matchbox making	2½s. (62c) per gross.	16 hours.	7s. 6d. ($1.80)
Boys' knickers	9d. (18c) per dozen.	16 hours.	9s. 0d. ($2.16)
Fur tassel work	1s. 3d. (31c) per gross.	10 hours.	6s. 0d. ($1.44)
Skirts	5d. (10c) per piece.	14 hours.	5s. 0d. ($1.20)
Button carding	½d. (1c) per gross.	11 hours.	3s. 0d. (72c)

Such earnings, miserable as they are, do not always represent the work of a single person; children of the most tender age are called on to assist the parent to keep body and soul together. Nor are the hours limited to those above mentioned. We read of women who work in such industries from 4 a. m. till midnight, or who never go to bed on the same day that they get up. How is it possible to keep the

home or the person in cleanliness and respectability when every moment of the working day has to be devoted to ceaseless and degrading toil? Moreover, the miserable earnings quoted above by no means represent the amount which can be devoted to the sustenance of life and warmth, in food and clothing. A mother and daughter working together at card hooks and eyes earn 3s. 4d. (80c.) weekly between them, but the rent of their room is 3s. 6d. (84c.). Here other members of the family have to help. An old woman and her brother, sitting fifteen hours daily sewing buttons on cards, earn 3s. 6d. (84c.) weekly between the two; the rent is 3s. 9d. (90c.), but the woman has some church schools to clean, so they drag along. A slipper maker earning 6s. 3d. ($1.50) weekly, pays 2s. 6d. (60c.) rent. So goes on the awful story of human toil and suffering. To call a system which exists on such maker earning 6s. 3d. ($1.50) weekly, pays 2s. 6d. (60c) rent. So goes on the awful story of human toil and suffering. To call a system which exists on such foundations a system of wage-slavery is to use an improper term and to debase the word "slavery," because no slave is worked for eighteen out of twenty-four hours on insufficient food by a master who values his property.

The following is taken from the New Zealand Yearbook for 1908, issued by the government:

Labor Laws, page 515: The labor laws have been passed in an effort to regulate certain conditions affecting employer and employed. Their scope embraces many difficult positions into which the exigencies of modern industrial life have forced those engaged in trades and handicrafts. The general tendency of these laws is to ameliorate the conditions of the worker by preventing social oppression through undue influence, or through unsatisfactory conditions of sanitation. It will undoubtedly be found that, with the advance of time, these laws are capable of improvement and amendment, but they have already done much to make the lives of operatives of fuller and more healthy growth, and their aim is to prevent the installation of abuses before such abuses attain formidable dimensions.

Page 516: Sweating has almost disappeared in New Zealand by the prohibition of subcontracting in the issue of textiles to be made up into garments. The factories act is probably one of the most complete and perfect laws to be found on the statute book of any country, and is generally appreciated by workers, while the honest, fair-dealing employer is himself thereby protected from the unscrupulous proceedings of the piratical competitors.

LABOR LEGISLATION.

New Zealand has now been living under its labor legislation for a period of fifteen years. During this time the law has undergone many modifications and changes and while the underlying principle in the mind of the framer of the original law remains the same, its method of administration and the scope of its usefulness are widely different from the original idea.

The following excerpts from a pamphlet published by the New Zealand Labor Department, give a condensed history of the legislation to date:

Before the advent of the ministry, which has been continuous as the Ballance-Seddon-Ward administration, there was no truck act nor factories act, no shop and office act, no arbitration act, no shearers' accommodation act, no workman's compensation for accidents act. It was a world in which men and women toiled under relentless conditions, each worker making the best bargain with his employer which necessity would permit him to do. Often the hours were long, the overtime unpaid for, the holidays nil, payment made partly in goods (truck), and all the risks of industrial life carried on at the worker's expense in life and limb.

THE INDUSTRIAL CONCILIATION AND ARBITRATION ACT.

Page 4: In 1894 an act to encourage the formation of unions was passed, and named "The Industrial Conciliation and Arbitration Act." It provides that any number of persons, not being less than seven, might form an industrial union of workers or employers, and a number of unions could be registered as an association. The colony was divided into industrial districts, each district having a board of conciliation for the settlement of trade disputes, with appeal to the court of arbitration having jurisdiction over both islands. The board consisted of four, five or six members (generally four), to be chosen as representatives of employers and workers, and these members were to elect some other person as chairman, failing with selection the governor should appoint. The members of the board held office for three years. Strikes or lockouts were declared illegal if taking place while proceedings were pending before board or court. Special boards of experts in a trade could be elected by employers and workmen's unions for each dispute, but this provision was never taken advantage of until quite lately. The board was to endeavor to bring about amicable settlement, and if this took place an agreement could be entered into. Failing settlement a recommendation was made by the board, and if not accepted, any party could refer the matter to the arbitration court. The court of arbitration consisted of three members, two of whom were appointed by the governor, one on the recommendation of industrial associations (not merely unions) of workers in the colony, and the other on a similar recommendation by associations of employers. The third member was to be a judge of the supreme court as president. The court could deal with all industrial disputes referred to it, and make awards, of not exceeding two years' duration, binding on every person declared to be bound. The awards could be enforced in the supreme court, but any award within the jurisdiction of a district or magistrate's court could be taken to such court. There was a corporate limit of £500 ($2,425) for enforcement, and an individual limit of £10 ($48.50). The government railway commissioners were deemed employers, but not any other government department.

In 1895 the number of employers requisite to form a union was reduced from seven to five; two experts (one on each side) were provided, if necessary, to sit with board or court. The governor could appoint a member of a board or court if unions failed to elect, and any employer, association or union could be joined as a party to a dispute by a board or court.

In 1898 the title of the principal act as to its being an act "to encourage the formation of unions" was selected. The court was empowered to determine what constituted a breach of its own award, and the maximum penalty was fixed at £500 ($2,425). The court was not allowed to fix the age for commencement or termination of apprenticeship. The union had to pass a special resolution before it could file a dispute, while the court was permitted to prescribe the minimum wage and provide for underrate permits. By the amending act of 1900 the definition of industry was altered to include "any employment in which a worker is employed." The office of registrar was transferred from the "Registrar of Friendly Societies to the Secretary for Labor." Preference to unionists became included among the industrial matters which could be dealt with. The minimum number of employers necessary to form a union was reduced to two. The registrar could refuse to register two industrial unions of the same business within the same industrial district. Industrial agreements remaining in force until superseded or until the union of workers was canceled, while parties could be added during its currency. The recommendations of the conciliation board became an agreement if no objection was lodged within a month. The two elected members of the arbitration court were to be recommended by unions of employers and workers, not by associations. President and one member to be a quorum of the court. The maximum currency of an award was extended from two years to three, but then continued in force until a new award was made. Beside the original parties to an award, such award bound all persons engaging in the business while the award was in force. Power was given to amend an award and to extend it in cases of one part of the colony unfairly competing against another. Instead of railway commissioners the minister for

railways could enter into the Amalgamated Society of Railway Servants, but in matters of the government railways the conciliation board could not interfere.

In 1901 special boards could be set up by application of any party to a dispute, whereas prior to this date all parties to a dispute must apply for such special board. Court received power to limit the locality of an award within an industrial district or to extend it beyond that district. The registrar was empowered to cancel unions if within a reasonable time no returns from the union were forthcoming. Either party could refer a dispute already filed with the conciliation board direct to the arbitration court. (This section is the famous "Willis Blot," and resulted in the ultimate paralysis of conciliation boards.) The court could make one award applicable to several trades in any one business, *e. g.*, could make for a woolen mill one award covering enginemen, dyers, sorters, weavers, etc.

By the amending act of 1903 a deputy registrar of unions could be appointed. An employer was not entitled to dismiss any worker merely because that worker was entitled to the benefit of an award, or because he was a unionist. Combinations of employers or of unionists to endeavor to defeat an award were forbidden. Inspectors of factories and inspectors of mines became inspectors of awards, and were charged with the duty of seeing the award carried out. The arbitration court emergency act provided substitutes for members of the court in case of illness or other cause of absence, and pending such appointment of substitute the president could recommend the appointment of an acting member.

In 1905 a consolidating act was passed, and is that in force as "the principal act" at date; and also a separate amending act became a law. The latter made provision for binding any worker (unionist or nonunionist) employed by any employer on whom an award was binding. A more stringent section than that of 1903 dealt with dismissing or suspending a worker, or with the worker discontinuing work during the pendency of a dispute. The proceedings with regard to underrate permits were fully set out. Any one who joined a strike or lockout, or aided or abetted a strike or lockout, was made guilty of breach of award. (*Note:* Previously a strike or lockout was only punishable when taking place during the currency of proceedings before a board or court.) A worker was deemed to be dismissed when suspended for a longer period than ten days. In 1906 a short act was passed for the purpose of amending the statutory position of the officer presiding over the arbitration court, providing for his permanent appointment, and substituting the title of "judge" for that of "president." A registrar of the court is also provided for. The remuneration of the elected members of the court is fixed at £500 ($2,425) per annum in addition to traveling expenses.

The arbitration act, difficult to follow in all these amendments, suffered from this cause of absolute necessity of change, as time and experience presented new difficulties to be overcome. It entered its legislative life through an utterly unknown field of action, and with coutinually changing circumstances marking its industrial path. It is, therefore, little to be wondered at that so experimental and tentative a measure could not be at first guarded at every point, nor adapt itself automatically to meet every subtle evasion of its powers.

DEALING PARTICULARLY WITH THE LABOR LEGISLATION OF THE YEAR 1908.

First and foremost must be noted the changes made in the industrial conciliation and arbitration act, the new measure coming into force on the first day of January, 1909.

Conciliation boards are abolished, and commissioners of conciliation are to be appointed for three years by the government, such commissioners to promptly visit any locality in which an industrial dispute is reported to exist. If a commissioner is unable to settle the dispute satisfactorily, it may be referred to a council of conciliation, of which the commissioner is chairman. This council consists of two, four or six assessors, nominated in equal number by the parties to the dispute. Such assessor must be engaged in the industry to which the dispute relates, with the exception that one on either side may, with the approval of the commissioner, be a person not so engaged. In this council the commissioner has ouly a casting

vote, and that for the maintenance of business before the council, not for the purpose of making an industrial recommendation.

The council has power to summon witnesses, take evidence on oath, etc., in the endeavor to bring about the settlement of the dispute, but it is not in any sense a tribunal, or with any inherent powers of settlement. If the council agree on certain line of action the matter is submitted to the principals on either side (employers or workers' union), and ratified by these principals, an industrial agreement is filed with the clerk of awards, whereupon the matter is at an end.

Should the council fail to come to an agreement, it shall, not earlier than one month or later than two months after the date fixed for hearing the dispute, notify the clerk of awards. It may, however, make a recommendation, if the assessors are unanimous in coming to such a conclusion, before forwarding the notification, but the recommendation itself has no power to bind or restrict in any way, and may be considered as only of value in minor directions, viz., as a guide to public opinion in the matter and a suggestion towards settlement. The dispute, failing its settlement by the council, goes automatically to the arbitration court.

It will at once be perceived how different the above procedure is from that formerly regulating the proceedings of conciliation boards. The members of those boards were appointed for three years, and all varieties of trade disputes came before them. Each representative of employer or worker on the board was expert only in his own trade, and practically ignorant of the technicalities of all others. Consequently, the facts of any dispute could only be elicited by the profuse evidence of witnesses, and through such evidence by the temporary education of the board in that particular industry. The delay, the expense, and the militant spirit invoked by the public examination and cross-examination of witnesses destroyed any tendency to conciliation that the boards may have at first possessed. They grew into almost universal discredit, so that it became easy to supersede them by the amendment (moved in the house of representatives by a private member), which allowed either party to a dispute to take it direct to the arbitration court. It was publicly said to be useless to have a case heard twice, once before the board and then before the court, when the court could be applied to directly. The result, however, was to congest the arbitration court with business; to delay its findings, whether in regard to disputes or to breaches of awards. There would have been little dissatisfaction expressed for years against the arbitration court could the serious delays and inconveniences arising from its overwork have never occurred. Had the boards fulfilled the promise with which they were instituted, had it been possible for them to be kept as a pure medium for amicable arrangements between disputants, then the channels of the court would not have become clogged and choked with demands for arbitrary judgments.

The new act provides full definition of "strike" and "lockout." These are interpreted to be the action of discontinuing work or business as modes of industrial compulsion, so that they have no continuous existence as offenses, although they are continuous in respect to aiding and abetting. Imprisonment for striking or for abetting a strike is abolished entirely for ordinary strikes, and the penalty for each worker who takes part in one not exceeding £10 ($48.50). A similar penalty falls on a worker who aids or instigates a strike. Every union that instigates or aids a strike is liable to a penalty not exceeding £500 ($2,425). The terms "strike" and "lockout" are herewith made conditional so as to mean only strikes or lockouts occurring in industries bound by an award or industrial agreement. A more stringent provision is made in regard to certain special industries whose sudden cession would cause deaths or injury to the health of the community in general. These include the manufacture or supply of electricity, coal gas, water, milk, meat, coal, and the working of ferries, tramways, railways, etc. Persons employed in such service must give fourteen days' notice of intention to strike, or are liable to summary conviction before a magistrate with a fine not exceeding £25 ($121.25). Persons who aid or instigate strikes in such trade are liable to a similar fine, and in the case of unions up to £500 ($2,425). An employer locking out in such special trade without giving a month's notice to his employees is liable to summary conviction before a magistrate

and a fine not exceeding £500 ($2,425), a fine which is also liable to be inflicted on any union, employer, or person other than a worker aiding or abetting a lockout. An industrial union or association abetting an unlawful strike of any of its members may on conviction have its certificate of registration suspended for a period not exceeding two years. The court has power to limit the area of this suspension, but during the time of suspension no new industrial union of workers may be registered in the same industry in the same industrial district.

Such definite and decisive enactments as these lay down certain principles as absolutely necessary for the further usefulness of the act. There was in the act in its first introduction in 1894 no bar against strikes or lockouts unless these took place while inquiry before the board or court was pending, and this was not altered until the act of 1905 made a strike or lockout a breach of award. The whole subject had hitherto been in a hazy or nebulous condition; no one exactly knew what a strike was, when it began or when it ended; neither was there any consensus of opinion as to what "aiding or abetting" a strike meant. We have in the new act at all events a determined effort to clear the ground, and set the issues fairly, not only before the employer and employed, but before the general public, who, as "the great third party," generally has to pay the reckoning for both sides in industrial quarrels.

Ordinary breaches of award are to be heard before stipendary magistrates. A magistrate may give judgment for the amount claimed or for more or less, as he thinks fit; such amount becoming a penalty paid to the use of the crown. An appeal is allowed to the court of arbitration. No person can be imprisoned for breach of award, but any penalty imposed may be recovered by deduction from wages which may hereafter become due, although not to a greater amount than the surplus above two pounds ($9.70) a week, if the debtor is married, or a widower or widow with children, nor to a greater amount than the surplus above one pound ($4.85) a week in the case of any other worker. If judgment has been given against a union or other association and is not satisfied within a month the individual workers are liable to the extent of £5 ($4.85) each. Inspectors of awards can move a strike or lockout case (although a breach of award) directly to the arbitration court, as such grave matters (with, perhaps, heavy fines) need the responsibility of the highest court obtainable.

As has been above remarked, the present act has suffered through want of mobility, and through being overburdened with duties caused by the collapse of other portions of the act. Removing the hearing of ordinary breaches of award into the stipendary magistrate's court will set the arbitration court more free to hear cases of industrial dispute at once.

Three employers (formerly two) may form an industrial union of employers and fifteen workmen (formerly seven) may form an industrial union of workers. The voting power of unions in nominating members of the arbitration court is altered from one vote to each union, to one vote for each fifty members of a union. The court may amend the provisions of any award in the flax industry if it is thought advisable, and if circumstances have changed since the award was made, but the general power to change any other award on application does not exist. In the flax industry the court must satisfy itself that the wish for change is general both among employers and employed before it grants any amendment. Any executive officer of a workers' union, or worker who has sat as assessor in a council of conciliation, or has represented his union in any negotiations, can, if dismissed soon after, throw upon the employer dismissing him the weight of proof necessary to show that his dismissal has been for business reasons only, and not through any objection to him as a unionist or assessor.

A worker who has accepted less than the minimum wage awarded in the industry can not claim the difference between the rate received and the award rate for a longer period than three months. The age limit of apprentice is to be left to the discretion of the court in making an award. Inspectors of awards are the persons to issue permits to work below the minimum rate mentioned in an award, but must give notice as at present to the secretary of that particular workers' union, so that objection may be made if necessary to the permit being granted. No such permit

shall be given to any one not usually employed in that industry, *e. g.*, no sailor out of work can do carpentry or painting of a trade character.

One of the most important sections of the new act is that which restricts the definition of the word "worker" to those employed for the direct or indirect pecuniary gain of the employer. Thus, a market gardener is a worker, but a private gardener is a servant; the housemaid in a lodging-house or hotel is a worker, but a domestic servant in a private house is not.

The court may antedate the period at which its award comes into force, and it may also refuse to make an award at all if it thinks fit. This latter provision gives legislative sanction to a course the arbitration court has already followed in one or two cases. Jurisdiction is given to the court to extend an industrial agreement to bind a dissenting body of employers if the employer or employers who employ a majority of the industry consent to such agreement. After an award or industrial agreement is made its provisions will take precedence of any legislation made during its currency unless the contrary is directly stated in the act so passed; but at the expiration of the time for which the award or agreement was made the provisions of the law then in force must be observed.

A very large proportion of the account thus given of the new act refers to absolutely new and original modes of legislation in the direction of conciliation and arbitration. They prove the strong attempt of the government to reconcile the liberty of the individual with the discipline necessary to carry on the industrial and commercial life of the community, for to those who do not care to place themselves under the arbitration act the utmost freedom is given, whether to work or strike, but, if the benefits of arbitration are appealed for, then submission to the ordinary rules of conduct governing those who have claimed its privileges must control also those who feel its disadvantages.

The following clause was recently introduced by the arbitration court of New Zealand into its award in the Southland timber workers' dispute:

(*a*). The union shall do all in its power to prevent any strike by any of the workers affected by the award, and if any strike shall occur, in which any member of the union shall take part, such strike shall be prima facie evidence that the union has committed a breach of its duty thereunder.

(*b*). If any strike by any of the workers affected by this award shall occur, then the operation of all the provisions contained in the foregoing clauses of this award shall be suspended, and in lieu thereof the following provisions shall come into force, and shall remain in force until the further order of the court; that is to say, the hours of work, wages, and other conditions of work of all workers coming within the scope of this award shall be fixed by agreement between each employer and the individual workers employed by him.

(*c*). The court reserved leave to any party bound by this award to apply to this court for an order under this clause declaring that a strike has taken place, or bring into force again, after a strike has taken place, the provisions contained in the foregoing clauses of this award.

Then follows this very important memorandum of the court:

This award contains a new provision with regard to strikes which the court has decided to bring into general operation in future. It is necessary to explain the operation of this new provision. If a strike by any of the workers affected by the

award takes place, the provisions of the award as to the hours, wages, and other conditions will cease at once to operate, and thenceforth during the currency of the award the respective rights of the employers and workers as to these matters will have to be settled by agreements between the respective parties themselves. In other words the workers by striking will deprive themselves of the benefits (if any) of the award, and incidentally of the benefits of the arbitration act. They will, however, during the currency of the award remain subject to the penal provisions of the act with regard to strikes. These provisions will make it impossible for an award to be treated as a stepping-stone merely in the way of enforcing the demands of the workers. If, after getting an award, they strike, and the strike fails, they will not be able to fall back on the award, but will have to be content with whatever terms they can obtain by individual bargaining with the employers. The court has reserved power to itself to bring into operation again the provisions of the award after a strike has taken place. This will enable the court to obviate the hardship that might otherwise result when a small section of the workers affected by the award engage in a strike without the sanction or connivance of the union.

ATTITUDE OF EMPLOYERS AND WORKERS TO LABOR LEGISLATION.

Prior to the adoption of the amendments to the act of 1908, which went into effect January 1st of this year, there was very bitter dissatisfaction on the part of employers and men with its operations. The sentiments expressed and the resolutions passed alike at labor conferences and at conferences of employers were unmistakably against the administration of the act. Here are some of the opinions expressed emphasizing this point.

A labor department official—

Fifteen years' experience has shown this weakness in the system. Men are governed by greed, hate, love, and passion and not by reason. The act has failed because reason does not prevail. Labor elected as conciliator in Wellington an unsteady hothead. The other side was just as badly represented. Out of twenty-four cases twenty were appealed to the arbitration court leading to dissatisfaction because of the useless work of the conciliation board and the board was finally cut out, which led to further congestion of the court and yet more greatly emphasized the consequent delays. The workers expected too much of the idea, especially since during the first ten years it did much for them in shortening hours, raising wages, paying for holidays and often the law gave preferences to unionists. But it could not move the whole economic and individual interests.

A leading editor—

No doubt compulsory arbitration has done much for New Zealand. The trouble has been in its administration.

Labor leader—

We want the act. But we want it as originally conceived by the framer, with, of course, such machinery amendments as experience has shown are essential.

A building contractor—

The weakness of the act has not been so much its principle as its administration.

Sentiments of a labor leader at a labor conference—

The workers had been making complaints about the act and had been endeavoring by every legitimate means to impress upon the government the necessity of improvement in the machinery of the act. One chief grievance was in the delay that occurred in the hearing of the disputes. Year after they had been promised that

this should be remedied, but no remedy was provided. It was entirely because of the delays of the court that the slaughtermen had taken the drastic steps they had in striking for their rights, and if their action resulted in an improved act, it would prove a blessing to the country.

He thought himself that the strike instead of doing what it was alleged it would do, that was, break down the conciliation and arbitration act (if the lesson was to be taught by a strike) instead of the strike meaning and causing the breakdown of the act, it was going to be the saving of it. The legislature would then recognize—and he hoped it would—that the position that had existed for the past eight or nine years was totally unreasonable, and it was a position of affairs that could expect no reasonable body of individuals to accept. He knew of cases where unions had been brought into existence, had been registered, had framed their claims, had cited their case, and were dead and buried long before the court had come along to hear their case. * * * It was totally unreasonable to expect men to wait from ten months to two years for the court to consider their cases.

ATTITUDE OF EMPLOYERS AND MEN ON LABOR LEGISLATION IN GENERAL.

The amendments to the act enacted in 1908, and that have now been in force since the beginning of this year, have tended to modify the hostility toward the act. Many employers and men felt that the government was earnestly desiring to make the act one of the highest usefulness with the least friction, injury, or annoyance to either side, and numbers on both sides have accordingly shown a readiness and a willingness to give it hearty support and a fair trial. The utterances of President Hobbs at the conference of employers held in Christchurch in 1908 I think fairly represent the attitude of many New Zealand employers. He said:

Now that the act is before the house for amendment or repeal it is advisable for us as employers to consider whether or not we want compulsory arbitration. The advantages of the system if it can be equally enforced are—

For the worker:

Prevention of sweating;
The securing of a fair return for his labor.

For the employer:

Security of contract;
Settled working conditions for a stated time;
Equality of working conditions;
Security to the fair-minded employers, by prevention of undercutting of prices at the workers' expense.

Any act that will secure these conditions must be beneficial to both worker and employer, and should receive our support. In considering this question we have also to remember that even if no act dealing with industrial disputes is on the statute book, we shall not have freedom of action, because the other side is now a powerful force, well organized, and able to use the strike weapon as it never has before. Open industrial warfare brings heavy losses to both winner and loser. I have for some time opposed compulsory arbitration and in favor of a measure promoting voluntary conciliation, because it did not seem possible to amend the law so as to make compulsion effective against both sides. Equality before the law is a fundamental principle of British justice. It is a precious heritage which we can no longer allow to be traduced. The government has fairly faced the position, and brought down a method of enforcement which seems to have some claims of successful operation. It might well be called "The last try compulsory arbitration bill," and as employers I think it would be in the best interests, both of ourselves and of

the community as a whole, if we give this last try a fair trial. If it fails, the matter will be definitely settled. On the other hand, if this method is not tried there will always be a feeling that the failure of compulsory arbitration has not been proved, and, at some future time there is no doubt that an act on the lines of that now proposed would become law, and the whole trouble begun over again.

The attitude of many among the workers whom I interviewed was likewise to the effect that the recent amendments would largely if not entirely overcome some of the most serious objections to the administration of the act, that the new machinery provided would expedite cases, and obviate the distressing delays previously incurred by the men in their desire to obtain peaceful redress for grievances.

This does not mean, however, that there is a unanimity of feeling in favor of labor legislation among employers and workers in New Zealand. The feeling more especially among many employers, is that such legislation has on the whole been harmful to industry and has in many ways brought with it evils not before experienced. Here are some of the opinions expressed by employers and secretaries of employers' associations in various parts of the dominion.

A leading business man—

The theory of compulsory arbitration is good, but it often miscarries and becomes reduced to an absurdity. I regard it as a failure and feel morally certain that in time it will be abandoned.

Another business man—

The act leads to friction and ill will between employer and men.

An ironmaster—

The iron industry under the workings of the act is not profitable. The arbitration court is part of a political machine gotten up for the benefit of the workers. To illustrate this, let me say that in the face of a bad showing as to profits, the court raised the wages of the men ten per cent. Moreover, the tendency of the law is to make for a lessened efficiency on the part of the men.

A manager of meat packing company—

It makes of the men mere machines.

A secretary of an employers' association—

In some trades employers have not been able to cope with the extra cost of production due to the increased wages granted by the court, and hence have been obliged to give up the manufacturing part of their business and increase their importations.

The minimum wage is fixed too high in the majority of cases with the result that the employer often makes no distinction among the various grades of his workmen as regards rate of pay. This tends to reduce efficiency and takes away from the capable man any ambition he may have. The relation between employers and their men have been less cordial than they were previous to the operation of the act. In the majority of cases both sides occupy hostile camps. Some employers are harassed by what may be called "vexatious legislation."

Hardly any new industry has been started for some years and this notwithstanding that the conditions of the dominion have been eminently favorable for industrial enterprises. It is an undisputed fact that people having money to invest have carefully avoided any concern in which labor is the chief item of expenditure.

A master baker—

Compulsory arbitration is a lot of rot. It did not prevent the journeymen bakers here in Wellington from going on a strike.

An ironmaster—

Our increased imports are due to the labor laws. The act leads to a diminishing output and makes for a dead level.

A college professor—

Reduction in wages in hard times, even when prices come down, will cause enough strikes to smash the system.

A mine owner—

What is to become of our industries in bad times when we have to pay a wage fixed by the court higher than the industry can stand?

A secretary of an employers' association—

The result on trade of thirteen years' working of the act is that it has not been advantageous. In many trades it has opened the door to importations, owing to the increased cost of production, preventing the local industries from competing with the open market. It is not advantageous to the community owing to the increased cost of living, both in rents and commodities, resulting from its operations.

Speaking generally, therefore, the New Zealand Employers' Federation does not think the industrial conciliation and arbitration act has proved beneficial to worker, employer or consumer.

A manufacturer of tinware—

It makes the men too damned independent. There are many annoyances to the employer connected with the act. It can not prevent strikes. Although employers do not try to evade awards, it needs a lawyer not to miss some of the provisions and avoid getting into the clutches of the court.

A building contractor—

Believe it would be better if labor laws and labor unions were abolished. The act is responsible for higher cost of living and for higher wages.

A secretary of contractors' association—

We were to sacrifice freedom for industrial peace under the act. Now we find we have sacrificed both.

A clothing manufacturer—

The chief objection I see to the act is the annoyance likely to come from the government inspectors.

A manager of a meat works—

The chief objections to the act are the hours established, the preference to unionists, and the petty annoyances to which employers are subjected.

A master plumber—

The preference to unionists clause is a thorn in the side of employers.

A secretary of an employers' association—

Employers consider the act a hindrance because,

(*a*) It makes for the dead level among workers.
(*b*) It limits apprentices.
(*c*) It checks industrial expansion.
(*d*) It destroys friendly relations between employers and men.
(*e*) It has raised the cost of living.
(*f*) It has abnormally raised wages.

An ironmaster—

Feels that employers' candle is burning at both ends. Higher wages and lower efficiency prevails because of the act. The greatest grievance is that most of the disputes are artificial and manufactured.

An ironmaster—

Instead of being a court of reference in case of dispute or misunderstanding likely to result from a strike or lockout, to the detriment or loss of a community, the court of arbitration has become, under the pressure of unionist importunity, a court for the state regulation of industries.

A leading employer—

The court has been used not as a preventive or cure, but as a convenient substitute for strikes, as an instrument for giving form and substance to ambitions, which, in its absence, would probably not have developed into disagreements, and almost certainly would never have culminated into serious disputes. The result is that at the first real trial the system has, judged by its original intention, broken down. The court can punish a man for striking, but it can not persuade him to work on terms which are distasteful to him. On the other hand, it may punish an employer for locking out his men, but it can not make him reopen and run his factory at a loss.

A lawyer—

If there is a lesson to be learned by other countries from the experience of New Zealand, it is this: That, if they want a system of arbitration for the settlement of strikes and real disputes rather than one for the creation and multiplication of factitious disputes, they should adopt some such system as that of Massachusetts. It has been said that labor passes through three stages—when it is enslaved, when it is free, and when it is tyrannical. In New Zealand it has reached the third stage.

A secretary of an employers' association—

To my mind there are five unmistakable defects which have largely contributed to the failure of the act to bring about the desired results:

(1) The act has been jeopardized by its going beyond wages and hours of work.

(2) In making it far too easy for the unions to bring cases before the court.

(3) The fixing of a standard instead of a minimum wage.

(4) The holding of individual workers and unions, in place of unions only, responsible for strikes.

(5) The too frequent changes of the judges.

* * * (The act) has been a real hindrance in that it has greatly increased the cost of production. The history of the colony during the past few years has been increased importation and an almost stationary local output.

It (the act) has created strife, manufactured disputes, impaired the work, restricted the output, increased the cost of production, put up the cost of living to such an extent that a pound to-day goes no further than did sixteen shillings in 1894. * * * The latest statistics show the increase in wages to be from eight and one half per cent to ten per cent, the increased cost of living from twenty-five to thirty per cent.

A secretary of an employers' association—

If the industries of the country are to progress as they ought to they must not be hampered by labor legislation. I am of the opinion, after a careful study of the labor matters here for nine years, that the arbitration act has hindered, and is still hindering, the industrial progress of the country.

EMPLOYERS AND OTHERS WHO FAVOR THE ACT.

It must not be presumed from the foregoing unfavorable and more or less hostile opinions on the part of employers and others toward the act that it has no friends. Here are the opinions of some who speak well of it and their reasons why they do:

A building contractor—

The act has weeded out sweating employers. So far as the building trades are concerned it has not affected its progress one way or the other.

A manager of a teaming company—

It has helped the dominion because the act has made for a high degree of industrial peace.

A clothing manufacturer—

It has made no difference in the clothing trade beyond driving out the sweater and in doing this it has rendered very valuable service. Last year a manufacturer was caught sweating and was driven out of the trade through the operations of the law. Had it not been for the law, in all probability, he would by his sweating methods and at the expense of labor have driven fair employers out of the trade.

A shoe manufacturer—

The law makes for steadiness of wages. I could not have fulfilled my government contracts for the Boer war, for example, if it had not been for the awards fixing a wage for a fixed period.

Another shoe manufacturer—

The act has been a great advantage in making for industrial peace.

A publisher—

Finds the act advantageous in his business. It has in his opinion been of great advantage to the dominion. It has cut out sweating, raised the conditions surrounding the worker and has cut out payment exacted by employers for teaching apprentices their trade.

Director in street railway company—

Blames agitators for troubled labor conditions. On the whole, labor situation better than in England. Considers the whole system under the legislation much better than strikes.

A waterside worker—

The hours of labor have been shortened under the act, half holidays have been obtained, sweating has been minimized, and the lot of the men has been generally improved, owing to the industrial legislation.

A labor member of Parliament—

Two thirds of the men are in favor of the act. The attitude of labor generally is that the new amendments should have a fair trial.

A public official—

A few agitators try to make themselves prominent by railing at the act but they would abuse any measure that had become law. They are "agin" the government always. The steady, silent vast majority of labor favors the act.

A contractor's foreman—

Under the old conditions men could be sweated; under the act men can not be sweated. It has had a tendency to level down the good worker to the poorer worker. Despite this the general efficiency of the worker is not lower than before because sweating in itself tended to diminish efficiency.

The president of a labor union—

If the act were put to a referendum of workers, ninety per cent would vote for its retention. It has given them fourteen years of comparative industrial peace at fair wages and under good conditions. When, in their minds, they compare all this with the conditions that prevail in countries where strikes are resorted to, and realize the great amount of loss and suffering that strikes inflict on labor and its dependents, they more keenly appreciate the blessings they enjoy under a system which enables them to have all their grievances settled peaceably.

An ironmaster—

The value of the law is that it prevents sweating.

A wholesale dry goods merchant—

Much prefer the act to strikes.

Manager of steamship company—

Is a strong believer in the value of the act if it is not abused.

Lumber merchant—

Would not be in favor of repealing any part of the act.

A sawmill owner—

Labor legislation of some sort is in his opinion absolutely necessary. The act prevents sweating and is advantageous to fair employers.

Shoe manufacturer—

The relations between employer and employee have improved under the act. There is not the continual temptation for the employer to cut down wages in order to undersell his competitor.

Sentiments uttered at an employers' conference—

In some respects the act is admirable. It gives a measure of assurance of settled conditions, and though this is finally dependent upon the loyalty and consent of both parties, it is no small gain. In so far as it has been effective in preserving industrial peace, as well as securing justice to the disputants, the act may be said to have justified its existence.

Dr. Findlay, attorney general of New Zealand—

The act has been educative of public sentiment. New Zealand has impressed obligations on both sides. The great body of workers are impressed with loyalty to the court.

Ex-Labor member of Parliament—

The act cuts out the sweater, makes for steadiness of wage, and tends to establishing industrial peace. The result of the recently inflicted penalties on strikers has made a repetition of strikes highly improbable.

An architect—

The act is advantageous to employers and to the men. Believe that on the whole both favor it.

Factory inspector—

I find that the majority of employers and their men prefer the act rather than strikes.

Mine manager—

Believes that the majority of the men favor the act.

President of a labor council—

Hard times will show the men the value of the act, by protecting them from cuts in wages likely to follow an open labor market.

WAGES.

In common with the conditions prevailing in the rest of the industrial world wages in recent years have advanced in New Zealand. The rate of advance, however, has not been uniform. The greater advances have taken place in what has been known as the sweated industries, chiefly the textile industries. Secretary Tregear of the Labor Department was good enough to furnish me with a copy of data prepared by his department for the attorney general, which I herewith append, and which will show the change in wages and conditions in these particular industries since the introduction of the act. I am of the opinion that in these branches wages through the operations of the act have increased more than they would have increased if left to the operation of the law of supply and demand, due to the fact that the workers are chiefly unorganized women and children.

DEPARTMENT OF LABOR, WELLINGTON, May 19, 1908.

Memorandum for The Honorable, the Attorney General:

I have the honor to submit herewith a statement in regard to the rates of wages paid in 1890 and those paid to-day to various classes of workers. The information in regard to the early period is taken from the report of the Sweating Commission which sat throughout New Zealand in 1890. From the evidence I have compiled the following statement:

Trade.	1890 (per week).	1908 (per week).
Tailoresses	0s. to 15s. ($3.60).	5s. ($1.20) to 25s. ($6.00)
Hosiery workers	5s. ($1.20) to 9s. ($2.16).	7s. ($1.68) to 20s. ($4.84)
Shirt making	0s. to 18s. 6d. ($4.44).	12s. ($2.88) to 30s. ($7.20)
Average wage	10s. ($2.40) to 12s. ($2.88).	
Dressmaking	0s. to 25s. ($6.00).	5s. ($1.20) to 30s. ($7.20)
Millinery	Average wage 12s. 6d. ($3.00).	5s. ($1.20) to 25s. ($6.00)

The commission found that work used to be taken home by workers who wished to make a few extra shillings. This, as you know, has now been stopped; all work having to be done on the employer's own premises.

Apprentices used to be taken on at the above trades at nothing for a year, and then either given 2s. 6d. (60c.) per week or dismissed. Now no apprentice can be taken on unless they are paid not less than 5s. ($1.20) per week, with an annual increase of 3s. (72c.) per week up to the age of twenty. Should an apprentice wish to go to another employer the time served with the previous employer must count in computing the wage.

Formerly employees' hours were not restricted in any way; now the hours are regulated, and only a limited amount of overtime is allowed in a year, and this extra work must be paid for at special rates.

Employers were able to make their employees work in any sort of room, with or without any kind of convenience. Now they must provide well lighted and ventilated rooms, ample air space, special dining-room, and proper sanitary accommodation.

In 1890 a boy or girl of twelve could be employed in a factory. The age has been raised to fourteen, and no boy or girl under sixteen can be employed in any factory without having passed the fourth standard of educatiou, and, further, without a certificate of fitness from the inspector.

Holidays on full pay were not provided; now a certain number of days are set aside.

The following further information gleaned from the sweating commission's report may be of interest: Boot machinists, sewing uppers, were paid from 12s. ($2.82) to 25s. ($6.00) per week. These workers' rates are now fixed by an award of the arbitration court, and they receive a minimum of 25s. ($6.00) per week.

Young women milliners were made on Saturdays to serve as shop assistants until nearly midnight.

Hairdressers worked from 8 a. m. to 9.30 p. m., and on Saturdays till midnight.

Women assistants in fancy goods and book shops worked from 9 a. m. till 6 one night and 9 the next, and received from 10s. ($2.40) to 30s. ($7.20) per week. (Braithwaite, bookseller, Dunedin (545), said he had five men, two boys and eight women, and admitted he had no lavatories.)

Drapers' assistants were not allowed to sit down. The present act provides for sitting accommodation for all assistants. In the dressmaking trade the hours were from 9 a. m. to 6 p. m., including Saturdays. Apprentices were paid nothing to 9s. ($2.16) per week, and adult women from 10s. ($2.40) to 15s. ($3.60). Only best hands received 25s. ($6.00). Now head dressmakers receive from £2 ($9.60) to £8 ($38.40) per week, while young women in charge of rooms average about £2 10s. ($12.00) per week. Very few adult workers receive less than 30s. ($7.20) per week.

In confectioners' shops women assistants worked from 8 a. m. to 10 p. m. always, and up to 11.30 p. m. on Saturdays, and received from 10s. ($2.40) to 14s. ($3.36) per week.

Boys engaged in milking began work at 3.30 a. m. and after milking delivered the milk in the city. They either went to school or work until the afternoon, and were engaged again at milking and work until 7 p. m.

Dr. Martin found the girls in factories were suffering from anemia through bad ventilation, and also from varicose veins. Dr. Lamb made a similar statement, stating that it was due to the bad ventilation and vitiated air in factories. Girls were found to be working heavy sewing machines with their feet hour after hour, and he considered this very injurious to their health. Dr. Stenhouse also reported that anemia was very common, and in Dunedin its frequency was something extraordinary.

I attach a copy of the sweated commission's report for your information. The number quoted in the margin refers to the number of question in the commission's report.

ED. TREGEAR, Secretary for Labor.

In a pamphlet published by the New Zealand Labor Department in 1907, in connection with an exhibit made at a dominion exposition, the following in relation to wages appears:

	Wages in the United States per hour.	Hours in the United States per week.	Wages in in New Zealand per hour.	Hours in New Zealand.
Blacksmiths	30c	55	34c	46
Boilermakers	28c	55	30c	48
Carpenters	34c	48	32c	45
Plumbers	44c	48	32c	46
Painters	34c	48	30c	45
Laborers	9c	55	24c	50
Bricklayers	54c	46	38c	45
Builders' laborers	28c	48	26c	45

The foregoing figures show that the average weekly earnings in these eight industries in the United States is $16.50 and in New Zealand $14.17.

The American worker earns sixteen per cent more, but works about nine per cent longer hours. For the same number of hours the average American earnings is a fraction over six per cent greater. The average New Zealand weekly wage for the unskilled worker from figures furnished by the labor department is 48s. ($11.52) and for skilled labor 60s. ($14.40) per week. According to a statement attributed to Attorney General Findlay, the average wage for all labor, male and female in New Zealand, is $8.64 per week.

The New Zealand Yearbook for 1908 furnishes the following figures:

	Average annual wage per worker.	Average annual production per worker.	Average labor cost on production.
1900	£69 6s. ($337.09)	£364 ($1,766)	18.55 per cent.
1905	£65 16s. ($310.09)	£346 ($1,675)	19.04 per cent.

The past several years up to 1908 have been phenomenally prosperous for all agricultural and pastoral New Zealand producers. In consequence, farm wages during that period owing to scarcity of labor has advanced far more than wages in other industries. This is shown by the figures found in the New Zealand Yearbooks for 1895 and 1907, pages 164 and 505, respectively. The average increase in wages in *industrial* undertakings working under awards from 1894 to 1906 was 19.7 per cent. The wage increase to workers in *agricultural* and *pastoral* pursuits for the corresponding period is 29.3 per cent. This looks abnormal until we remember that in Italy within the past few years, due partly to scarcity of farm laborers as the result of immigration and partly to the increased cost of farm products and living, the wages of farm labor has advanced from thirteen cents a day to sixty-five cents a day, or about five hundred per cent.

The wonder is not that wages in New Zealand have advanced in recent years. When the advance in wages the world over is considered and the increased demand for all sorts of labor in New Zealand during the prosperous years, in industry, in agriculture and in great New Zealand public works absorbing many thousands of workers is borne in mind, the wonder is that the advance in wages has not been greater.

COST OF LIVING.

Three causes have contributed to an increased cost of living in New Zealand as elsewhere in the world—

(*a*) Higher land values, especially in city lots;

(*b*) The world increase in the price of staples;

(*c*) Higher wages.

The increased wage cost to my mind has been the smallest contributing factor. As shown by the foregoing figures, the labor cost in New Zealand production is less than twenty per cent of the gross cost.

Assuming that wages have advanced twenty per cent this would add but four per cent to the gross cost, whereas rents and the price of world staples have increased out of all proportion to the advance in wages. I was informed by reliable authorities that city lots in the leading New Zealand cities had increased in value in the last ten years fully two hundred per cent, thus very greatly increasing rents.

The most available figures on the relative increase in New Zealand wages and cost of living are to be found in an address delivered by Attorney General Findlay in 1908 in which he says: "At Wanganui I quoted a report from the registrar general, which showed that in twelve years since the act passed the cost of living for workers based on the chief articles of diet had increased 18.6 per cent while the general increase of wages affected by the act in the same period was 17.9 per cent. This report did not include rent or clothing, and it is admitted that if these items had been included the increase in the cost of living would have been greater. Probably the increase has not been less throughout New Zealand than twenty per cent."

RELATIONS EXISTING BETWEEN EMPLOYERS AND THEIR MEN.

There is a pronounced conflict of opinion as to the effect the act has had upon the relations existing between employers and their men. Here are some of the opinions expressed pro and con:

Justice Chapman, formerly president of the arbitration court—

The labor laws, in my opinion, do not create ill-feeling between employers and their men.

A timberman—

The feeling between employers and men is better now than ever before.

Labor leader in seamen's union—

The labor laws have made for a better feeling between employers and their men.

Labor member of Parliament—

The feeling between employers and their men is much the same as before the creation of the act.

The report of the executive committee of the trades and labor council, 1907—

Taken as a whole our relationship with our employers has been of an amicable nature. One of the exceptions may be cited as the recent slaughtermen's strike. While we may sympathize with the men in their efforts to secure increased pay and better conditions, your executive committee can not help expressing its regret at their hasty and ill-advised action in ignoring the remedy provided by the industrial conciliation and arbitration act. We are satisfied, however, that this cloud that at one time threatened to spread over the whole industrial horizon of the colony has been dispersed and that the men by their ready compliance with the verdict of the court are showing that the powers of the court are as potent to-day as ever they were.

As against these favorable opinions there are others radically opposite, which herewith follow:

Mr. George T. Booth of Christchurch, an ironmaster, in his testimony before the legislative committee—

Q. What is your experience with regard to the effect of our labor laws? Have they promoted a good feeling between employer and employee during the time they have been in operation?

A. I believe they have had the reverse effect.

Q. But do you not think that the relations between employer and employee have been improved by the labor legislation?

A. No, I think it has had the opposite effect.

Secretary of builders' association—

Employers in the building trades say that a serious result of the act is to destroy any prior existing sympathetic bond between them and their men and that the gap is widening.

A master cabinetmaker—

The labor laws lead to antagonisms between employers and their men.

Mr. Tregear, the labor secretary, in this connection said that, "in spite of assertions made by extremists on both sides, the relation between employers and men are as good as they can ever be under the wage system." He pointed out that there was friction about a year ago, but that the alteration in the arbitration act last session of Parliament had smoothed away the trouble.

This is a point upon which it is not possible to do more than to get opinions. My own opinion is that there is less friction and a more cordial feeling on the whole here between employers and employed than I have found in countries where strikes and lockouts prevail.

LABOR UNIONISM.

The New Zealand Yearbook for 1908 gives the number of industrial workers under date of April, 1906, as 56,359. The same authority, page 519, gives the membership of workers' unions, not including nine who failed to send in their returns, as 45,614. In 1895, when the act went into operation, there were 9,370 union members. In most countries in Europe the number of organized workers will not average twenty-five per cent of the entire body of wage-earners. Owing to the fact that the Yearbook quoted gives the number employed industrially as under date of April, 1906, and the number of union workers as under date of December, 1907, it is not possible to get at the exact proportion of union workers. Approximately it is safe to assume that the union workers represent seventy-five per cent of the whole, which is far ahead of the proportion to be found in Europe or America. It would indicate that the act has certainly made for unionism.

A Labor member of Parliament, in speaking of the influence of the act

on unionism, says: "The well organized unions are not so active as they were before the act was passed, but there are more large unions."

A government labor department official in this connection says: "Some say that the unions have lost their 'fighting spirit.' I do not know if that is a serious loss. It is not necessary to swagger round with a belt full of revolvers if the policeman does his work properly. Our law is the policeman, and so perhaps the unions get 'soft'—get like you and me compared with a cowboy of the 'wild and woolly west.' If by 'well off' you mean 'financially,' when the arbitration act passed, the unions had nothing at all; they were broken, flaccid, and penniless after the great maritime strike in 1891. Now some of them have £800 or £1,000 each—no great sum, but then they are only 'industrial unions'; they have no trade union purposes—the act fights for them, so, except to pay a secretary, expenses are nil, and the funds grow."

As was stated by one of my informants, the preference to unionists' clause in most of the awards of the arbitration court is a thorn in the side of most employers. Under the law an employer needing a hand must first of all refer to the register kept by the union secretary, and if there are applicants on the list he must give such a preference over non-unionists, subject in the event of failing to do this to being penalized by the court. This is looked upon by employers generally as a source of annoyance and a hardship. The workers, however, claim that since the law takes from them the legal right to strike, they are entitled to some consideration in return. The following copy of a preference clause as it appears in the award made by the arbitration court for the Wellington wharf laborers indicates the attitude of the court on this vexed point.

(Award of the arbitration court for Wellington wharf laborers. Extracts, pp. 6-7-8.)

Preference.—If and so long as the rules of the union shall permit any person of good character to become a member of the union upon payment of an entrance fee not exceeding 2s. 6d. (60c), and of subsequent contributions not exceeding 6d. (12c.) per week, upon a written application of the person wishing to join the union, without ballot or other election, then and in such case and thereafter the employers shall employ members of the union in preference to nonmembers, provided there are members of the union available equally qualified with nonmembers to perform the particular work required to be done and ready and willing to undertake it, provided that a man shall become eligible for employment as if already a member of the union if he shall bona fide give notice in writing to the secretary of the union of his desire to join the union, and shall pay or deposit with such notice the sum of 2s. 6d. (60c.). Such notice may be given by delivering the same to the secretary personally or by leaving the same at his office or by depositing the same in a box, which it shall be the duty of the union to keep available for that purpose at the place or one of the places appointed for the engagement of labor under clause 9 hereof.

Employers, in employing labor, shall not discriminate against members of the union, and shall not in the engagement or dismissal of men, or in the conduct of their business, do anything for the purpose of injuring the union, directly or indirectly.

When members of the union and nonmembers are employed together, there shall

be no distinction between members and nonmembers, and both shall work together in harmony and shall receive equal pay for equal work.

Strikes.—The union shall do all in its power to prevent any strike by any of the workers affected by this award, and if any strike shall occur in which any member of the union shall take part, such strike shall be prima facie evidence that the union has committed a breach of its duty hereunder.

Memorandum.—Preference to unionists has been granted by this award. In connection with this it is desirable to make it clear that an employer will only commit a breach of award if he employs a nonunionist when a member of the union, equally qualified to do the particular work to be done, is at the place of engagement ready to be engaged. In work such as that done in the port of Wellington, where the traffic is so largely carried on by steamers running to timetable, it is essential to the public interest that no delay should take place in the handling of cargo, and an employer, therefore, is not bound to wait for the arrival of members of the union. If they are not available when workers have to be engaged, the employer is free to engage any worker who is available.

It will be noted from the foregoing award that the court establishes the "open door" for the union, and that under the ruling it becomes impossible for a union to discriminate against applicants or to establish a monopoly of labor in any particular trade. It will also be noted that the court fixes a nominal entrance fee to the union as well as nominal weekly dues, so that it also becomes impossible for a union to fix a prohibitory fee with the view of limiting membership. This, of course, is a very different sort of unionism from that which prevails in other countries where unions can create a monopoly of labor by limiting membership, fixing prohibitory entrance fees or exacting impossible examinations as to technical trade merit. While under the award the shop, so to speak, may be "closed" the door of the union must be kept "open." This largely minimizes the objection of many American employers to the "closed" shop.

The attitude of the court on this point does not, however, meet with approval of some unionists as may be gathered from the following taken from the Waterside workers' report of New Zealand for 1906:

Preference to Unionists.—Mr. McLaren said that what they were asking for was that preference should be granted by Parliament, and not by the court. It was marvelous to him to find how the different trades unions had been satisfied with the position so long. The industrial conciliation and arbitration act was a direct encouragement to nonunionism as it now stood. Why should the nonunionist not share the responsibility of the unionist if he participated in his benefits? The act allowed the unions to bear the responsibility, and the leaders of the unions to bear the odium and censure, and sometimes boycott, and yet gave power to the court of its own free will to divide the benefits equally between the unionist and nonunionist.

* * * Mr. Young maintained that * * * trades unionism was a Christian work, and far greater Christian work was being done by the unions than by large number of the churches. The unionists of this country had sacrificed the issue of strikes, and in sacrificing that they had given to the employer absolute security for his capital. He could invest the capital wherever he chose in this country, knowing that it was absolutely safe against strike. He could arrange his contracts at a certain figure knowing exactly what he had to pay for his labor * * * He (the speaker) was aware of certain dangers surrounding the proposal of compulsory preference to unionists. Say that they had 1,000 men employed on the Wellington wharves, of whom 700 were unionists and 300 were not. Immediately they had

compulsion these 300 would come in, if they desired to get employment. but the employer had exactly the same grounds of operation as he had before they joined, when he took his choice, and thus the preference benefit immediately went. That could only be overcome by giving a union the right of excluding any one it thought fit. They must have the right to exclude, because if they got all the men into the ranks of the union, no preference could exist.

The following report of proceedings before an industrial council taken from the Auckland, New Zealand, *Herald* of May 10, 1909, will indicate how this vexed question of preference to unionist is dealt with by both parties and how by a method of compromise an agreement on the point is reached:

A KNOTTY POINT—VIEWS ON PREFERENCE.

The preference clause, to which the Auckland Butchers' Industrial Union of Workers asked the master butchers to agree at the sitting of the conciliation council yesterday, occasioned a good deal of discussion. The clause in question was: "Throughout all the departments recognized by this award preference of employment shall be given by employers to members of the Auckland Butchers' Industrial Union of Workers. When a nonunionist workman is engaged by an employer in consequence of the union being unable to supply a workman willing to undertake the work, at any time within twelve weeks thereafter the union shall have the right to supply a man capable of performing the work, providing the workman first engaged declines to become a member of the union. This provision shall also apply to those nonunion workmen already employed."

Mr. C. Grosvenor (employers' representative) asked what objection there was to the clause in the old award that "preference shall be given to members of the butchers' union, all things being equal?"

The commissioner (Mr. T. Harle Giles) said that possibly the brevity of the clause might lead to confusion. His interpretation was that, providing the union was prepared to find a man he must be taken if he was competent to do the work.

Mr. Grosvenor: That is so.

Mr. W. E. Sill (employees' representative): If the employer says the man is not competent?

The Commissioner: Then it is for the union to prove that he is.

Mr. Sill: That is very difficult to do. Continuing, Mr. Sill said the unionists' grievance was that employers were prejudiced, and nine times out of ten would choose a nonunionist. It would always be an open question when the union and an employer differed as to the competence of a man which was right.

Mr. S. Wing (employers' assessor): What about the men who refuse to join the union on conscientious principles?

Mr. Sill: I never met such a man.

Mr. Wing: I have.

Mr. Sill: I think it highly improbable there are such men. I met one who was supposed to have such principle, but I found the reason he did not join the union was that he thought the union would not do anything for him, as he was earning more than the award wages. He did not recognize that the union fixed a minimum, and that he could earn more than that if an extra good man.

The commissioner said he did not think employers wished to refuse to recognize the unions, which were of great benefit to the workers.

Mr. R. Salmon (employers' assessor): I think the time will soon arrive when all workers will be compelled to contribute to the union, and employers will be responsible for taking the contributions off their wages.

Mr. Grosvenor: A clause quite as rational as one of preference to unionists would be one that no man should work for an employer not a member of the master's union.

Eventually it was agreed that the clause should not apply to nonunion workmen already employed, and that the time during which the union could object to a nonunionist be confined to a week.

STRIKES.

For many years New Zealand was heralded throughout the world as "the country without strikes." Literally, this is not true. There have been strikes in New Zealand since the act went into force, but so few of them, comparatively, that it would be entitled to be called "the country with few strikes."

In New South Wales it is illegal to strike under any circumstances. Not so in New Zealand. The right to legally strike is not denied if certain formalities are gone through first, such as getting the union canceled. A man need not work, nor need an employer give him work if he does not wish to do so, but if either employers or workers agree or conspire together to commit a strike or a lockout while under an award, that is an offense. It is concerted action after having benefited by the privilege of going under an award that is reprehended.

Labor Secretary Tregear furnished the following statement of strikes since the act went into effect in 1894:

There have been twenty-five strikes in New Zealand since the inception of the industrial conciliation and arbitration act, involving approximately 1,146 strikers and rendering idle approximately 2,389 men. The total number of days the men were idle from their respective employments was approximately 318. As far as can be ascertained the total loss of wages to the workmen concerned approximated £17,679 ($85,744), while the loss to the employers was about £15,750 ($75,418).

In addition to these cases, there have been two or three disturbances since—one affecting the miners employed by the Taratu Coal Company, but it really was not a strike at all, as the men, being dissatisfied with the wages awarded by the court, simply left the service of the mine on a Saturday afternoon and did not return to work on the Monday morning, when the award became operative. The mine management subsequently filled their places with other miners in the district. In January there was a small strike of employees at the Paki Freezing Company's works, in which seventeen men were involved. The strike arose out of a dispute between the manager and the fellmongers as to the spell in the morning and afternoon in which to smoke. It was really a very trivial affair, but the men were proceeded against by the department and fined £1 ($4.85) each in the magistrate's court. There was also a strike of twelve butchers employed at the Pictou Freezing Works in March of this year for higher wages. As these employees were not registered under the industrial conciliation and arbitration act it was not an offense. The men were only idle a very short time and accepted the wage of 11¼d. (22½c.) per hour, the same rate as paid to the Canterbury men. They were formerly paid 10½d. (21c.) and struck for 1s. (24c.) per hour.

You will see then that for a period of fifteen years, we have not averaged two strikes per year, and no doubt after the perusal of the facts furnished, you will come to the conclusion that some of the disturbances hardly deserve the name of a strike.

I may say that as far as the department can ascertain on the result of the strikes twenty-two were favorable to the men, namely, the men succeeded in getting their terms or something approaching them, and in three cases the employers were successful in defeating the demands of the men.

Most of the strikes which have taken place since the act went into effect were due, it is claimed, to the imperfect machinery provided for the administration of the law. The conciliation board provided for in

the original bill proved ineffective and was finally abandoned. This threw so much work on the arbitration court that it became hopelessly congested. Cases were kept on the court calendar for months and some of them for years. Meanwhile, the dissatisfaction of the men who could get no redress was intensified and they were goaded on to a final violation of the law.

Some of the testimony of labor representatives who appeared before the legislative labor bills committee in 1908, when the amendments since adopted, were under discussion emphasize this point. One labor representative said:

We consider that a number of the strikes that have taken place in New Zealand would never have taken place had there been machinery in existence whereby the disputes could have been settled without the delays that have occurred in the past. * * * We say, however, that no matter how drastic the clauses of an act may be, it would be impossible to prevent strikes altogether. You may lessen them by good legislation, but it would be impossible to prevent them.

Another labor representative spoke as follows:

It has to be remembered that no act passed by any legislature prevents crime. You can not stop the committal of murder, although a man can be hanged for it. You can not stop strikes by arbitration, although you can minimize them by means of arbitration, and we contend that the present act has done that.

Q. Are you aware that the majority of the workers are in favor of the arbitration act?

A. Yes, I do not think there is any doubt about it. Because a certain number like to override an award it does not follow that any one believes in strikes. No one believes in strikes that I know of.

In a speech delivered by Attorney General Findlay of New Zealand in Wellington in July, 1908, referring to the effect the act has had on strikes, he said:

* * * I contend that for many years the act had prevented strikes, and that if reasonably used in the spirit intended by its framer it would always prevent them. This contention has been adversely criticised. I submit these considerations to unbiased critics: (*a*) There were in 1906 290,000 wage-earners of all kinds in New Zealand, and the average number throughout the career of the act would be over 250,000; (*b*) Up to the present time there have been *eighteen strikes in thirteen years*.

Eighteen strikes have taken place in New Zealand, really all small and short lived, and only twelve of these have been illegal, since in six the act had no application. In these six there was no union award or binding agreement. In these illegal strikes, 740 men all told engaged, that is less than one third per cent of the above average total of wage-earners in this country, and of those engaged in strikes, legal and illegal, not one half per cent of these 250,000 workers. The days of idleness of workers due to these strikes were very few. In some cases the strike lasted only a day or two.

Now compare these figures with our motherland's experience. From 1891 to 1900, that is, ten years, there were 7,931 labor conflicts in Great Britain, involving 2,732,169 workers. It is estimated that the total wage-earners of Great Britain of all classes was in 1906 14,640,000, and during the decade in question would be about 12,700,000. Thus, during this decade over twenty per cent of the British workers were at some time or other directly concerned in a labor conflict, as compared with less than one half per cent in New Zealand in thirteen years.

The total number of days the British workmen were idle in these ten years owing to strikes (*i. e.*, multiplying the days idle by the number of men idle) was 106,192,528, making an average idleness of about thirty-eight days per man.

To treat the act as a disabled and useless machine because a few short-lived strikes have taken place, and a few very noisy gentlemen have declared that they will have none of it is therefore error. But let us be just before we are serious. Follow the career of the court and the act since their inception, follow the court's work to-day with a fair mind, and you will admit that it has done and is doing splendid work, discharging one of the most difficult tasks with fairness, ability, and patience. I claim that the act has done immense service in this country in the cause both of industrial peace and fair wages. That it is capable of improvement (as I hope to show) should not belittle that service.

Judge Sims, the president of the court of arbitration, said that there had been no real illegal strike in New Zealand for eleven months, and that in his opinion the new law will make for fewer strikes.

The president of the arbitration court in common with the government has made it plain that workers can not strike and have an arbitration act at the same time. They must choose between the two and with this point made clear and emphasized by recent inflicted penalties for illegal striking, there is every probability that unions will prefer to abide by the law. Labor leaders throughout the dominion are of this opinion. One of the most intelligent and aggressive among them said to me that under the amended law strikes will diminish, if not entirely disappear for the reason that to strike now means to lose the benefits of an award and to be fined besides.

A prominent public official said: "Public sentiment is against strikes, as it feels that it is 'welching' on the part of labor to strike after the good for labor that has been accomplished for it by the act and by the court."

EMPLOYERS' ASSOCIATIONS.

There has been a marked growth of these institutions since the act first went into force. In 1895 there was but one employers' association with a membership of 65. In 1906, the latest available figures, there were 113 employers' associations, with a membership of 3,276. Each center has its own organization under the direction of a capable secretary, and all of them are federated under a very capable general secretary, Mr. Pryor, who makes his headquarters in the capital city of Wellington. Such of the employers' associations secretaries as I had an opportunity of meeting impressed me with their intelligence, earnestness, and fidelity of purpose. The employers' associations secretaries usually act as the employers' representative before the industrial committees and before the arbitration court, where the unions are represented by their secretaries. The secretaries on both sides have developed into capable lay lawyers on labor laws. At such sessions of the arbitration court and industrial committees as I was enabled to attend, I was impressed with their knowledge of the law and their ability to expound it.

The following copy of an industrial council held in Auckland is taken from the Auckland *Herald* of May 18, 1909. It will illustrate the methods pursued at these conferences for the arriving at an agreement, and the part played in them by the union secretary, the secretary of the employers' association and by the commissioner, who under the law has no vote and acts simply as chairman of the conference:

TRIUMPH OF CONCILIATION—ANOTHER DISPUTE SETTLED—THE BUTCHERING TRADE.

The conciliation council met yesterday to deal with the dispute between the Auckland Butchers' Industrial Union of Workers and the Master Butchers' Union of Employers. A conference had been held between the parties and agreement reached on all points except the wages of order men and general hands, hours and preference. Mr. T. Harle Giles, conciliation commissioner, presided, and the employers' assessors were Messrs. J. W. Marks, S. Wing, and R. Salmon, and the employees' assessors were Messrs. G. Graulty, G. Lubbock, and J. Lindsay. Mr. W. E. Sill appeared for the employees and Mr. C. Grosvenor for the employers.

Mr. Sill stated that the union was not willing to make any concession on the points which were in dispute. Its final demands outstanding were that order men should be paid £2 12s. 6d. per week, general hands £2 10s., and that preference should be granted to unionists, as in recent awards. As regards the half-holiday the employees stuck to the clause in their original demands as follows: "Employers during any week in which a holiday or holidays occur may give their workers the extra time off necessary to comply with the limit as to hours fixed by the award during such holiday week, or the next following week." If these demands were granted the union would be willing to allow the whole agreement to go forward as the recommendation of the council; if not, it would withdraw the whole agreement. A new clause the union wished to have added was that overtime should be paid for at time and a half for other than preservers. This new clause was agreed to.

Mr. Wing suggested, on behalf of the employers, that a sliding scale be agreed upon for order hands, £2 5s. being paid for men from twenty-one to twenty-three years of age, and £2 12s. 6d. for men over twenty-three.

After some discussion, Mr. Lindsay, on the commissioner's suggestion, offered on behalf of the union to accept £2 5s. for order men up to twenty-two years and £2 12s. 6d. thereafter.

Considerable debate took place on the question of hours. The men had originally demanded a forty-eight-hour week, while the employers held for a fifty-nine-hour week. The parties eventually narrowed the margin down to one hour, one side holding for fifty-six and the other for fifty-seven hours, and the court adjourned to allow the parties to deliberate.

On resumption it was agreed to compromise on wages and hours as follows: Order men between twenty-one and twenty-three to receive £2 7s. 6d., and over that age £2 12s. 6d.; general hands, £2 10s. per week, the number of weekly hours being fifty-six.

Late in the afternoon all the clauses were agreed to, and the agreement will be sent forward to the arbitration court as the recommendation of the council.

At the conclusion of the sitting Mr. Sill remarked that to the commissioner was due the entire credit for bringing the matter to so satisfactory a termination.

Mr. S. Wing said had it not been for Mr. Giles no agreement would have been arrived at. He moved a hearty vote of thanks to the commissioner.

Mr. Lubbock seconded the motion, which was carried with acclamation.

In returning thanks the commissioner said it was the toughest dispute he had yet met.

On the motion of the employers' representatives, a motion appreciative of Mr. W. E. Sill (workers' representative) was passed, and, on the motion of the employees' representatives, a similar vote was passed to Mr. C. Grosvenor, employers' representative.

THE AGREEMENT.

The following is the full list of weekly wages agreed upon: First shopman, £3 5s.; second shopman, £2 15s.; small goodsmen, £2 12s. and £2 5s.; cellarmen and packers, £2 15s. and £2 5s.; bacon-curers, £2 15s. and £2 7s. 6d.; head, feet, and tripe hands, £2 7s. 6d. and £2 2s.; boners, £2 7s. 6d.; men in charge of hawking carts, £2 17s. 6d.; drivers, £2 6s. to £2 10s.; ordermen, 21 to 23, £2 7s. 6d. over 23, £2 12s. 6d.; general hands, £2 10s. Boys and youths over 14 and under 15 years, 10s. per week; 15 and under 16, 12s. 6d.; 16 and under 17, 15s.; 17 and under 18, 20s.; 18 and under 19, 25s.; 19 and under 21, 30s.

Meat preservers, £3; extractors (first), £2 5s.; extractors (second), £2 2s.; cutters, £2 6s.; fillers, £2 6s.; scalers, £2 2s.; toppers, £2 2s.; pressers, £2 2s.; solderers, £2 5s.; solder spiriters, £1 12s.; tin-cleaners, £1 12s.; tin-washers, £1 12s. Casual labor (adult) to be paid at a minimum rate of 10s. per day for ordinary days and 12s. for Saturdays.

When a public holiday occurs on any day other than Saturday, employees may be called upon to work up to three p. m. on such Saturday holiday.

The award will apply to the whole of the northern industrial district outside Poverty Bay, and shall remain in force until December 31, 1911.

ARBITRATION COURT AWARDS.

The following report prepared by the Labor Department for the Minister of Labor gives the history of the awards granted by the court of arbitration:

The Hon. the Minister for Labor.

The following figures have been compiled for the award return which I sent you last week, and may prove of interest and service to you.

At the beginning of September 303 awards or agreements were enforced throughout New Zealand, and were divided among the several districts as follows: Northern district (Ak.), 69; Wellington, 63; Canterbury, 73; Otago and Southland, 70; Taranaki, 6; Marlborough, 2; Nelson, 9; Westland, 11.

In no less than 102 awards or agreements the arbitration court gave either an increase of wages or less hours over the conditions given by previous awards. In some cases both increased pay and shorter hours were granted. These awards which gave better conditions are divided into districts as follows: Northern, 28; Wellington, 23; Canterbury, 26; Otago and Southland, 24; Westland, 1.

In 90 of the 102 awards increased wages were given to journeymen, and the average increase is estimated at ten per cent over rates paid under original awards. (It must be remembered that the wages paid prior to the act coming into force were, generally speaking, *less than* the amounts subsequently given by the boards and court.)

The increased wages amounted in one case (tailoresses, Auckland) from 17s. 6d. ($4.20) (awarded in 1897) to 25s. ($6.00) per week (awarded in 1904)—a rise of 43 per cent.

The lowest increase was that given to the timber yards and coal carters of Canterbury (Ashburton), who received an increase of 1s. (24c.) per week on an average wage of 44s. ($10.56) or about two and a third per cent.

The greatest drop in hours worked is shown in the Auckland city drivers' award—from fifty-four hours in 1899 to forty-seven and a half hours in 1906. The division of hours under the various awards and agreements in force are approximately as follows: Not fixed, 26; 44 hours and under, 60; 48 hours and under, 242; 52 hours and under, 26; 60 hours and under, 41; 70 hours and under, 9.

In several awards the hours worked by men and women vary. Both classes are included in this return. The hours above 52 are those fixed for such callings as cooks and waiters, cabmen, drivers, dairymen, grocers, butchers, hairdressers, etc.

The figures show that there are 302 cases where the hours have been fixed at forty-eight per week and under, while there are 76 cases fixing fifty-two hours and

under, therefore, almost seventy-five per cent of the existing awards fix an eight-hour day or less.

Comparing the rates of weekly wages paid in the various awards, the result is as follows: ($9.60) 40s. and under, 13; ($10.80) 45s. and under, 95; ($11.52) 48s. and under, 73; ($13.20) 55s. and under, 150; ($14.40) 60s. and under, 123; ($15.84) 66s. and under, 44; ($16.80) 70s. and under, 23; ($18.00) 75s. and under, 12; ($19.20) 80s. and under, 7.

In cases where different wages are paid under one award (such as the typographical, bakers, butchers, coal miners, etc.) the various minimum wages are included: for instance, bakers, first hand, 63s. ($15.10); second hand, 53s. ($12.72); third hand, 48s. ($11.52), are shown in respective columns. Seamen, cooks and stewards, waiters, slaughtermen, shearers, wharf laborers, and others, have not been dealt with, as the rates paid are (1) very low; (2) employment is intermittent; or (3) piece rates are paid.

In 181 cases the wages paid are 48s. ($11.52) and less; while in 359 cases an average of 55s. ($13.20) and over is paid, or in other words, fifty per cent of the awards compared show that a weekly wage of 55s. ($13.20) and over is fixed as the minimum.

In fifty instances the awards of the court have remained stationary, that is, neither the hours nor the wages have been altered by subsequent decisions. Ten awards are classified as being difficult to compare with similar awards given previously, and in 136 cases one award or agreement only exists. The court has in five cases awarded less favorable conditions, *i. e.*, lower wages, or increased hours.

THE EFFICIENCY OF NEW ZEALAND LABOR.

Much complaint is heard among New Zealand employers to the effect that one evil consequence of the act is the diminished efficiency of labor, for which, as a rule, employers hold the act responsible.

In the evidence offered by employers before the labor bills committee of Parliament in 1908, the following testimony was brought out, bearing on this point.

Mr. Prior, secretary of employers' association, said:

I was recently conducting a case for the employers before the arbitration court, and got it from a witness on oath that the secretary of the union had gone around among the workers and told them not to hustle, as the award fixed their wages, the wages were not dependent upon the amount of work they did.

A builders' representative testified as follows:

We find in our particular business that although the worker's wages have not increased more than about ten per cent on what they were twelve or fourteen years ago, his efficiency or the amount of work we get done is not more than fifty per cent of what it was twelve years ago. I will tell you why, if I may mention an instance. About fourteen years ago I had a contract and allowed 6s. ($1.44) per foot for labor on raw material, made a profit of 6d. (12c.) out of that, while I have frequently allowed ten shillings now ($2.40) for the same amount of work and made a loss, although it is exactly the same class of work. That simply goes to show that there is less work being done by the worker now than there was twelve years ago, while the wages have not increased probably more than ten per cent. That accounts in a very large degree for the increased cost of building.

The testimony of Mr. George T. Booth, an ironmaster of Christchurch, was as follows:

I am quite sure that the cost of the arbitration system has resulted in a loss of industrial efficiency far greater than ever resulted from strikes, or than was likely to result during the period the arbitration system has been in operation.

Q. Do you mean to say that the moral fiber of workmen generally has deteriorated?
A. Yes, it has been deteriorating for many years past.
Q. Are there any causes outside of what you have been discussing?
A. Yes.
Q. Can you name them?
A. I think that some of the false social ideals that are being preached here have had a considerable amount to do with it.

Mr. Booth further testified before this legislative committee that in his trade, the engineering, there had been a falling off in the workman's efficiency of twelve per cent in 1905 as compared with 1901. He gave facts and figures to prove his statement, taken from the New Zealand government reports which give the wages paid and the output.

On the other side statements are made by labor representatives denying these charges. One labor representative pointed out that the present competition among the workers is keen enough to insure that each worker is required to put his utmost into the day's work. At a trades council conference one of the delegates said:

Some years ago, when I was working in the timber industry, we thought it was an extraordinary tally for a man to turn out 8,000 feet a day—that was 1,000 feet an hour. Later on men turned out 10,000 feet a day for a month. I took the tally myself and the average was 10,000 feet a day for the nineteen days that the mill worked. There is a practice of playing one mill off against another, and if one mill turned out a large quantity another would try to beat it. We heard of one man turning out 16,000 feet, and that record stood for a considerable time, but eventually we had a benchman who turned out 22,000 feet, and when the case was being tried at Invercargill last week, we heard the extraordinary story of a benchman who turned out 28,000 feet.

Q. Is the general average about 8,000 feet a day?
A. The average per day is very much in excess of what it was many years ago.

Labor Secretary Tregear, on being invited to express an opinion on this point, said:

This is a vexed question. Some employers declare that the act has diminished the efficiency of labor, and quote figures to prove their assertions. I doubt both their alleged facts and figures, preferring to take the official figures in the Yearbook. This states, 1908 (page 346), that the wages in factories rose in five years at the rate of thirty-five per cent, and that the valne of the produce or output in these factories (top of page 347) rose thirty-one per cent. This slight difference may be accounted for thus: The employment of some thousands more of hands does not always mean a proportionate increase of output. If you employ a hundred men in your factory and they give you an income of £1,000 a year, it does not follow that by putting on two hundred men you can get £2,000. There may not be the machines to work on or the market to sell the goods. So, likewise, it does not follow because you can get ten knots an hour out of a steamer by burning one ton of coal an hour that you can get thirty knots by burning three tons. I consider thirty-one per cent rise in production a very fair equivalent for thirty-five per cent rise in wages. It seems to me this settles the question both of efficiency and of the "going easy" accusation against New Zealand workers.

The figures above quoted by Secretary Tregear would show a decline of over eleven per cent, which rather supports the contention made by Mr. George T. Booth before the legislative committee that there had

been a decline in efficiency in the engineering business in five years of twelve per cent. The Yearbook figures would indicate that this decline would apply generally.

While the facts show that there has been a diminished efficiency in recent years on the part of the worker in New Zealand, the cause for this result, as I shall endeavor to show later in this report, is not correctly understood. I hope to be able to make clear that this diminished efficiency has little or no relation to the labor legislation enacted in New Zealand. Diminishing efficiency is complained of in trades and industries in New Zealand that do not come under the act. A big bridge builder and contractor in New Zealand made to me the statement that his men are not unionized nor are they working under an award, yet he finds a diminishing output compared with previous years of fully ten per cent.

HAS THE ACT MADE FOR STEADINESS IN BUSINESS.

There are those who claim the act has unfavorably affected the steadiness of business. I could find no evidence of this; on the contrary, it seemed so far as I could discover, to have the opposite effect and to establish conditions that afford a higher degree of protection to the employer than is found in most other countries. The awards are generally made for extended terms, usually for two or three years and the court does not favor frequent or violent charges. In countries where strikes and lockouts prevail the employer has no such protection. An award once made, the New Zealand employer can safely rely on the wage established for the life of the term of the award, subject of course in good times to competition among employers for labor of higher efficiency, which often commands a premium over the minimum wage.

THE CREATION OF NEW CRIMES.

One criticism that I frequently heard made on the act is that it has created new crimes. It is true that the law makes the strike or the lockout a punishable offense. In return for this the employer, the worker, and the public get a higher degree of industrial peace than is found in other countries.

PREVENTING MEN FROM WORKING EXCEPT ON COURT TERMS.

The act of course prevents men from working except on terms fixed by the court. This is hardly avoidable under any system of collective bargaining, whether such collective bargaining be legalized by the state or established by a strong union. The system is likely to work a hardship on the few inefficient or slow workers, but it tends to insure a fair wage to the great body of workers. Thus making for the greatest good to the greatest number. As previously explained, the slow worker

is not ignored by the law, but a provision is made whereby he can be given a certificate permitting him to work below the fixed wage. It is pointed out that this is a far safer plan than to permit the few to endanger the wage rate of the many.

INTERFERENCE WITH PRIVATE MANAGEMENT ON THE PART OF THE COURT.

This is another criticism that the investigator frequently hears brought up against the act. It is admittedly true that to the extent of fixing wages and conditions under which men shall work there is an interference on the part of the court. Under modern labor unionism no employer can longer hope to be supreme in dictating the wage the worker shall receive or the conditions under which he shall work. When these matters were solely in the hands of the employers, experience has shown that the unfair among them abused the privilege and crowded the worker down oppressively, compelling his fairer minded competitor to follow his example or go out of business. The question then remains, shall the wages and conditions be fixed almost solely by the worker through his union, which is often the case where the union is strong, or shall a fair-minded and disinterested court hear both sides and fix a wage fair to both, and working conditions fair to both? Aside from wages and working conditions the arbitration court does not in any way interfere with private management or control.

CAN THE DECISIONS AGAINST THE MEN BY THE ARBITRATION COURT BE ENFORCED?

Wherever the question of compulsory arbitration came up for discussion in the countries of Europe where I made my investigations, the point was invariably made that compulsory arbitration was doomed to ultimate failure, because in the nature of things the court decisions could be enforced against the employer because he is a responsible party, but that they could not be enforced against the worker because he is financially irresponsible, nor could he be made to work by any court anywhere if he did not want to work. The facts are that the decisions can not be enforced against the employer if he chooses not to continue operating for the reason that the decision of the court is likely to make his venture unprofitable and no arbitration court would attempt to punish him for this. While it is true on the other hand that the court can not compel the members of a union to work if they choose not to work, the court can penalize them for collectively quitting work in order to evade the award. Instances were brought to my notice where the Wellington union, the Waihi gold miners, and the federated seamen went on with their work despite the fact that they considered the court award hostile to them.

Ample evidence was also furnished to prove that the court can and has punished men for striking. In the slaughtermen's strike of 1907, 266 men were fined for striking illegally, and 123 men paid their fines in full. The total amount collected in this strike to date is $3,776. And the end is not yet. Nearly two years have elapsed since the strike took place, but the administration is unrelenting in following up the fugitive strikers, as will be noted from the following clipping taken from the Auckland, New Zealand, *Herald* under date of May 14, 1909:

THE SLAUGHTERMEN'S STRIKE.

(By Telegraph—Press Association.)

CHRISTCHURCH, Thursday.

Order for attachment of the wages of two slaughtermen who took part in the slaughtermen's strike and failed to pay the fine imposed by the arbitration court were to-day made absolute by Mr. Day, S.M. In one case the order amounted to £5 and in the other to £2 10s.

On the other hand, the administration just as readily brings the defaulting employer to time, as may be noted from the following clipping which, by a striking coincidence, appeared in the same issue of the same paper:

FLAXMILLERS' TROUBLES.

(By Telegraph—Press Association.)

PALMERSTON NORTH, Thursday.

The Department of Labor has notified Messrs. Broad and Neaves, flaxmillers, that it is intended to take legal action against them for alleged breaches of the Manawatu flaxmill employees' award: (1) For dismissing men because they were entitled to the benefits of an award; (2) for breach of the preference clause in taking on nonunionists when unionists were available. The department also proposes to apply to the court for interpretation to test the validity of contracts signed to scutch flax at a lower rate than is provided by the award. The cases will he heard by the arbitration court.

The Black Ball coal miners' strike on the west New Zealand coast was a case where the men tried to evade the penalty imposed upon them for illegal striking. Their effects were sold by the sheriff. There were, so to speak, no bidders as the men were determined to try and defeat the law. The entire effects of the strikers realized at the sale but $3.00. The full penalty was, however, finally collected by attaching the wages of the individual workers and amounted to $1,820.

The Wellington bakers' union struck against a court award and lost the strike. The union was fined and paid a penalty of $485. So far as I could learn the court has in every instance enforced its awards against the men.

DISCOURAGING THE INVESTMENT OF CAPITAL UNDER THE ACT.

This was another criticism frequently made against the act. Men, I was told, would not invest their money where such drastic labor laws prevailed. Hence the growth of industry had been checked to the

injury of the worker and the dominion. Doubtless there have been instances, possibly fairly numerous ones, where men have refrained from investing in industrial enterprises in New Zealand because of its labor laws. If so, New Zealand has not a monopoly of this experience. England has no legal minimum wage nor has it a compulsory arbitration law, yet the same complaint on a far greater scale is made there, as is evidenced by the following statement quoted by Secretary Broadhead, of the Christchurch Employers' Association.

THE WANT OF CONFIDENCE.

In a recent speech in the House of Lords, Lord Cromer referred to the present want of confidence in Great Britain. He said there never was a larger amount of capital in the country to be invested. Among competent authorities the lowest estimate was £250,000,000 ($1,200,000,000) a year, and yet that vast accumulation of capital was not invested in industrial concerns in the country. Mr. Haldane, a member of the British Cabinet, when speaking a few months ago, declared his conviction that at the root of future British prosperity lay the question whether they could hold their own in the scales of nations. At that moment he said there was plenty of capital available, had the people only confidence.

How often do we hear men of means in our own State of California, as well as in other states of the union, say that they would not think of putting money in to any enterprise requiring much labor, because of the alleged tyranny and despotism of labor unions. And yet, we have no legal minimum wage nor compulsory arbitration laws in our country.

That there has been material growth in New Zealand industries since 1901 is demonstrated by the following figures taken from the New Zealand Yearbook for 1908:

	Value of land, machinery and buildings.	Hands employed.	Output.
1901	£8,408,564	46,847	£17,853,133
1905	12,509,286	56,359	23,444,235

The same Yearbook, page 522, gives the bank deposits for 1880 as £18 per head of the mean population, and £19.92 per head in 1890, and £20.39 in 1900, and £25.59 per head in 1907.

Secretary of Labor Tregear made the statement that private wealth in New Zealand rose from £170,000,000 in 1896 to £304,654,000 in 1906. "A pretty good rise in ten years," Secretary Tregear adds, "for a place where capital is being driven away." In this he quotes the figures shown on page 537 of 1908 Yearbook.

THE EFFECT OF THE ACT ON IMPORTS.

Another criticism made against the act is that it has increased imports out of proportion to the home production. There is no doubt that imports, as a rule, have grown faster than factory products in New Zealand. The cause, however, so far as I could ascertain has little to

do with the act. The reasons for this growing difference between imports and home production vary in different industries. In the products of steel and iron, where this gap is quite noticeable, the point was made by an ironmaster, who is most unfriendly to the act, that after visiting the United States a year or two ago and inspecting some of the colossal machine works of that country where they specialize on a very few things and grind them out by the tens of thousands, he realized how impossible it is, even in the face of a fairly high tariff, for the New Zealand ironmaster successfully to compete with those conditions.

In the course of my investigations I met several manufacturers who assured me that since the introduction of the act the manufacturing end of their business had declined and their imports had increased, notably in machinery, textile fabrics, and wearing apparel. This is made very plain by the following figures quoted by Secretary Broadhead of the Christchurch Employers' Association and taken from the New Zealand Yearbooks of 1895 and 1905.

Tables showing total value of importations of three important manufactures for the years 1895 and 1905, the value of similar goods manufactured in New Zealand, and the percentage of increase in importations since 1895, as compared with the percentage of increase of New Zealand manufactures:

IMPORTS.

Goods.	1895.	1905.	Increase.	
Boots and shoes	£127,985	£300,134	£172,149	134 per cent.
Woolens	254,580	479,986	225,406	88 per cent.
Machinery (including agricultural implements)	258,799	768,550	509,751	190 per cent.

NEW ZEALAND MANUFACTURES.

Goods.	1895.	1905.	Increase.	
Boots and shoes	£357,806	£501,065	£143,259	39 per cent.
Woolens	302,423	397,348	94,925	31 per cent.
Machinery and implements	102,054	199,741	97,687	95 per cent.

It will be seen from above that the excess per cent of importations over local manufactures in 1905, as compared with 1895, was as follows:

Boots and shoes	95 per cent.
Woolens	57 per cent.
Machinery and implements	95 per cent.

I am of the opinion as the result of my investigations, that had there been no act, substantially the same results would have followed. New Zealand can never within reason hope to become a great industrial country. Her possible market is too limited to permit her to specialize on a sufficiently large scale successfully to compete with the world's great industrial centers. Only by putting on a burdensome and prohibitive tariff can she hope to keep out foreign manufactures. Such pro-

hibitive tariff would largely defeat its purpose by so greatly raising the price of things as to limit the demand. The great increase in the import of woolens is largely due to the years of great prosperity which materially increased the purchasing power of the people and created a demand for finer and more fashionable goods than can be satisfactorily produced in New Zealand. Most retail dealers want exclusive styles, such as the home manufacturer is not in a position to give, hence orders are sent abroad in preference. To illustrate, in speaking with the leading merchant tailor of one of the New Zealand cities, I asked whether New Zealand produced a good quality of woolens; he replied that it did. "Are the prices reasonable?" I further inquired. "Quite so," he assured me. "I presume, then, that you confine your purchases of woolens altogether to New Zealand productions," I ventured. "Not at all," he replied. "Most of my woolens are imported from England and elsewhere." Expressing my surprise at this statement, he explained that if he confined himself to New Zealand woolens, he would, so to speak, be eating out of the same pan with his competitors. Whereas, in his business, it was very important that he should be able to show designs not obtainable elsewhere. To enjoy this advantage he must buy abroad, where the assortments were so varied that he could get exclusive patterns. Yet another illustration. In speaking with a prominent New Zealand shoe manufacturer, I asked if the act was responsible for the fact that the local manufacturing of shoes had not kept pace with imports. He answered, saying "the act had nothing to do with it. It is this way," he went on. "Despite the fact that we have one of the largest shoemaking plants in the dominion, we can not in many lines, even with the protective tariff, compete with American or European specialty manufacturers. Why, in your country I have been in factories where thousands of hands are employed making nothing else but shoes to be retailed at three dollars a pair. How can we hope to compete with such conditions, in the face of our limited market, which compels us in our one factory to make everything from a baby's shoe to a plough shoe? Furthermore, we are faced by this insurmountable condition. A local dealer will agree to give us an order if we will promise to give him the exclusive sale of a particular last for his city, explaining that otherwise he would be thrown into competition with his next door neighbor or his other competitor on the opposite side of the street, which would mean that his profits would soon be cut to pieces. When we explain that his output at best is too limited to justify us in confining our sales for the whole city to him alone, because that would mean still further minimizing our limited market, he, as a rule, declines to place the order and gives it instead to the representative of some foreign manufacturer,

who has a world-wide market and whose variety of lasts is so broad, that he is in a position to give each customer exclusive styles. This is a condition that we can not meet nor overcome, and, as a consequence, if you visit the retail shoe shops in our cities, you will find that eighty per cent of the shoes on their shelves are of foreign manufacture. The home factories are used by the dealers to fill in on sizes in transit and for the coarser lines of goods."

ARE THE NEW ZEALAND CITIES AND TOWNS GROWING AT THE EXPENSE OF THE COUNTRY?

Yes. This is as true here as it is in most other countries. It is not clear to me how the act is responsible for this, unless it may be held that the more favorable conditions for workers established by law and the higher wages that good times have brought have naturally tended to tempt the country worker to seek these advantages in the cities.

The New Zealand government is endeavoring to counteract the tendency of the country worker coming to the cities by its settlement act, which was created for the purpose of encouraging settlement on the land. Premier Ward informed me that in the last twelve months the government has advanced to agricultural settlers nearly $9,000,000.

THE EFFECT OF A LEGAL MINIMUM WAGE ON NEW ZEALAND.

There are wide differences of opinion in New Zealand as to the result of the legal minimum wage. The "pros" and the "cons" on the subject are as opposite in their opinions as to the effect of the minimum wage as it is possible for men to make them. Here are the views of some opponents of the idea:

A leading business man—

The minimum wage drives out the slow worker and pulls down the efficiency and the earning power of the man above par.

A secretary of a builders' association—

Where a low minimum wage is fixed, as in the grocery trade, there is room for differentiation of wage on merit. But where the minimum wage is high there is no such room, hence it makes for the dead level at the expense of efficiency.

A leading merchant—

The minimum wage tends to leveling down process instead of a leveling up.

The manager of a meat company—

If we pay above the minimum wage the court at the next revision of the award is likely to make the maximum the minimum wage to be paid, hence we can not afford to take this risk, and so the minimum practically becomes the maximum wage at the expense of the efficient worker who is thus kept down.

A manager of a large transportation company—

I believe that the minimum wage makes for the dead level and a diminishing output. I pay my men strictly according to the minimum wage.

A president of an employers' association—

Green hands, under the legal minimum wage, find it very difficult to get employment. The poorer workers fix the standard of output under the system; the fast workers are held back by an unwritten law.

A building contractor—

The minimum wage prevents many men out of work, who would be glad to otherwise accept less, from getting employment.

Attorney General Findlay, in a speech delivered at Wellington, June 17, 1908—

Although the wage fixed by the court is merely the least the employer is allowed to pay, it is in general practice the highest the employer will pay. The result of this has been a marked tendency toward a uniform or dead level wage in each trade, for all workers good, bad and indifferent. I need not dwell upon the evils of such a tendency. It has tended to deprive skill, care and industry of the reward and encouragement essential to their exercise, and the dead level wage tends to impress itself on the energy of the worker.

Here are some views that are quite the opposite to the foregoing:

An employer and ex-member of Parliament—

The minimum wage does not make for the dead level. A goodly percentage of the men receive more than the minimum wage. The dead level is created only where the employer takes advantage of the legal minimum and reduces all his men to that level, regardless of their efficieucy. Few employers, however, are so shortsighted.

A furniture manufacturer—

The dead level of wages does not exist in the furniture making business. Meu are paid according to their value regardless of the legal wage. But, of course, never below the legal rate.

A secretary of an employers' association—

The minimum wage admittedly protects the fair against the unfair employer.

A business man—

The minimum wage is a safeguard against workers being sweated in hard times.

A shoe manufacturer—

The minimum wage does not make for the dead level in the shoe manufacturing trade. Men in this trade are paid as much above the minimum wage as they cau make themselves worth.

A master baker—

The minimum wage checks the downward wage limit in bad times, but puts no limit on au upward wage trend in good times.

A member of Parliament (Labor representative)—

The fixing of a minimum wage does away with sweating, increases the purchasing power, and has led to the general improvement of the worker.

A secretary of a labor union—

The legal minimum wage is, in my opinion, alone responsible for the increase in wages among unskilled workers. There is never any shortage in this class of labor, and through competition the tendeucy was toward a gradual lowering of conditions among such wage-earners. Without state intervention and the fixing of a minimum wage many adults wonld have been forced out of the skilled trades and their places filled by youths and a class of workers known as "improvers."

It can readily be seen how difficult it would be for an investigator from abroad to reach an intelligent conclusion from these widely conflicting opinions, all of them I am sure given in good faith and expressing the honest opinions of the speakers. There were no facts available to demonstrate what were the actual results on the question as to whether or no the minimum wage made for the dead level of wage, and as to whether it was true that the good worker was discouraged by being pulled down to the level of the poor worker. From talking with employers of unskilled workers I became reasonably satisfied that in the unskilled trades the minimum wage, as a rule, became the maximum wage. This, however, I could readily understand from the fact that the legal minimum fixed by New Zealand law is, so far as I know, the highest average wage paid in the world for unskilled labor. The rate being about two dollars a day or an average of twenty-four cents an hour, against an average in the United States of nine cents an hour for general laborers and twenty-eight cents an hour for building laborers or a general average for both of sixteen and one half cents an hour.

I also became reasonably satisfied that the minimum became, as a rule, the maximum wage in the shipping trades and on street car lines. In the case of the latter employment, however, the law provides an increasing scale based on years of service.

I further became fairly well satisfied that in the building trades a very large proportion, say, seventy-five per cent of the workers, received the minimum wage. The very conflicting opinions as to factory wages made it impossible to reach an intelligent conclusion in that direction. In my perplexity I appealed to the Secretary of Labor, Edw. Tregear, who kindly offered to have the factory schedules on file in his department, which give the number of factory employees, the wage fixed by law and the actual wage paid, compiled, so that the actual facts would be made available. The following results were a revelation to all interested parties:

DEPARTMENT OF LABOR, WELLINGTON, 20th May, 1909.

Dear Colonel Weinstock.

In respect to the figures which we are getting out in regard to the payment of the minimum wage, I may say that the following totals have been ascertained for the four chief centers of New Zealand:

AUCKLAND CITY.

Total number of employees, excluding underrate workers and young persons	2,458
Number receiving the minimum wage	948
Number receiving in excess of the minimum	1,510
Per cent receiving in excess of minimum	61

Trades not comparable: Boat building, bread and pastry baking, brick and tile manufacturing, butchers' small goods, flour milling, and freezing works employees.

WELLINGTON CITY.

Total number of employees, excluding underrate workers and young persons	2,066
Number receiving the minimum wage	876
Number receiving in excess of the minimum	1,190
Per cent receiving in excess of minimum	57

Trades not comparable: Aerated waters, bacon curing, blacksmithing and farriery, brass founding, bread and pastry baking, brickmaking, butchers' small goods, engineering, fellmongering, gas manufacturing, meat freezing, and wax vesta manufacturing.

CHRISTCHURCH CITY.

Total number of employees, excluding underrate workers and young persons	2,788
Number receiving the minimum wage	1,127
Number receiving in excess of the minimum	1,661
Per cent receiving in excess of minimum	59

Trades not comparable: Aerated waters, blacksmithing, bread and pastry baking, brewing and malting, butchers' small goods, general engineering, flour milling, gas manufacturing, and rope and twine manufacturing.

DUNEDIN CITY.

Total number of employees, excluding underrate workers and young persons	1,637
Number receiving the minimum wage	792
Number receiving in excess of the minimum	845
Per cent receiving in excess of minimum	51

Trades not comparable: Bread and pastry baking, butchers' small goods, engineering (all branches except molding and boilermaking), flour milling, gas manufacturing, meat freezing, and sail and tent manufacturing.

Full details of each trade will be published in the annual report of the department, which should be ready about a month hence. I thought these totals would be sufficient for your purpose until the report itself is issued, when (if you will give me your address) I shall send you a copy.

The result appears to me to be very satisfactory, showing as it does that a larger number of employees receive above the minimum wage than the minimum itself, in the manufacturing industries of New Zealand.

Believe me, yours very faithfully.

EDW. TREGEAR, Secretary for Labor.

These facts make plain that in the industries covered by the foregoing advance report, over fifty-eight per cent receive a higher wage than that fixed by law, thus exploding the criticism that in New Zealand the minimum wage makes, as a rule, for the dead level, thereby pulling the efficient worker and his wages down to the level of the poorer worker.

No figures are available at this writing to show the percentage of increase in wages above the minimum received by these fifty-eight per cent of factory workers. From data furnished by the president of the shoe manufacturers' association of New Zealand I was enabled to work out this information for the shoe industry and found that it averaged 16.4 per cent. That is, some shoemakers receive as little as five per cent above the minimum and some as high as fifty per cent above said minimum. The average for all being as stated 16.4 per cent.

It must, therefore, be evident that in the manufacturing enterprises

in New Zealand the merit system largely prevails, and while the employer under the law can not pay less than the legal wage, many pay above the legal wage, thus holding out a strong incentive for higher efficiency.

HAS THE ACT INCREASED THE TAX BURDENS OF THE PEOPLE?

Critics of the New Zealand act take much satisfaction in pointing to the seemingly abnormal increase in the debt of the dominion since the creation of the act in 1894 and maintain that this is due to the desperate efforts of the administration to create public work in order to relieve the labor market of unemployed so that the wages fixed by the awards might be successfully maintained. These critics call attention to the fact that in 1894 the dominion debt was £38,000,000 or a per capita debt of £57 8s. 10d. ($278.57), whereas in 1908 the debt of the dominion had grown to £66,000,000 or a per capita debt of £66 ($320). I took pains to have these statements analyzed with the following results: I found that in 1894 out of the debt of £38,000,000 there was invested in productive works £17,162,000 leaving a non-productive debt of £21,838,896 ($105,914,300) on which the people had to pay interest, whereas in 1908 the investment in productive works aggregated £47,416,743 leaving a non-productive debt of £19,047,154 ($92,378,697). So that as a matter of fact the debt on which the people have to pay interest had, in the intervening years diminished by $13,535,603. The productive investments yield the dominion an income of from three to seven and one half per cent and go a good way toward lightening the tax burdens in other directions.

Following are the productive investments for the two foregoing periods as furnished by Colonel Collins of the treasury department at Wellington:

	1894.	1908.
Railways	£14,600,000	£27,000,000
Advance to settlers	----------	4,100,000
Advance to workers	----------	205,000
State lands	1,300,000	5,890,000
Advances to municipal bodies	----------	2,881,000
Bank of New Zealand	----------	500,000
Coal mines	10,000	100,000
Telegraph and telephone	680,000	1,196,000
Cash on deposit in London	----------	114,743
Water works, gold mines	572,000	815,000
Cash on hand	----------	1,015,000
Reserve fund securities	----------	865,000
New Zealand consuls	----------	478,000
Land purchases	----------	2,247,000
	£17,162,000 ($83,236,700)	£49,406,743 ($229,922,704)

CONCLUSIONS.

Before beginning my investigations of the operation of the New Zealand act, I compiled a statement of all the adverse criticisms that had come to me from various sources in and out of New Zealand.

I then undertook the task to verify and analyze these adverse comments, which in brief were as follows:

The act has made—

(*a*) For an abnormal increase in wages;

(*b*) For an increased cost of living;

(*c*) For friction between employers and their men;

(*d*) For diminished efficiency on the part of workers;

(*e*) For lessened output;

(*f*) For increased taxes;

(*g*) For increased imports out of proportion to home manufacture;

(*h*) For driving capital away from investment in industrial undertakings;

(*i*) For a refusal on the part of the workers to abide by unfavorable court decisions;

(*j*) For penalties against the men for violations of awards, which the court can not enforce.

These criticisms looked most formidable, and if found to be true criticisms, it must be obvious that the law is a serious detriment to the dominion and sooner or later must go.

My investigations, however, forced on me the conclusions that many of these criticisms were unfair to the act and held it responsible for results with which it was in nowise related, as in other parts of this report I have endeavored to point out.

Passing them in final review, it must be said that while wages have gone up in New Zealand, the act has been responsible for putting up wages almost entirely in the sweated industries, where the weak and the unorganized were being helplessly exploited and where wages *should* have been put up.

In other branches of trade, the act has had very little effect on the upward trend of wages which had risen the world over, and which would have risen in New Zealand, act or no act, because of great prosperity and a greatly increased demand for labor.

Cost of living would likewise have gone up, act or no act, because of the greatly enhanced world price for all agricultural staples and the abnormal advance in city land which materially increased rents. There is some friction between employers and men but not nearly so much as is to be found in countries where strikes and lockouts prevail and cause endless strife and bitterness that leave scars behind for indefinite periods.

The government reports show a diminished efficiency of about twelve per cent in the last several years on the part of the New Zealand workers. If New Zealand was the only country in the world where this condition prevailed it might be laid at the doors of the act. The fact, however, remains that a diminishing efficiency is a universal complaint through Europe and even the United States is not free from this complaint. Hence, this evil can not justly be laid to the act. If there is a cry to "go slow" among the New Zealand workers, it is done quietly and secretly, whereas throughout Europe the cry of diminishing output is shouted, so to speak, from the house tops. Wherever socialism in Europe has made itself felt, and it has achieved this in most all continental industrial countries, where ninety per cent of the organized wage-earners, are members of the Social Democratic party, there you hear the cry sent forth, loud and deep and burnt into the hearts of the workers that it is a crime against labor for the worker to put forth his best. The Socialist proclaims aloud to the wage-earner in those countries that he should practice a diminishing output, first, because it means more work for more hands; secondly, because under the capitalistic system, the worker, at best, gets a small wage, and that a small wage is entitled only to a small return, and finally, because a diminishing output means crippling the profits of capital and thus hastening the day when capital will be wiped out and socialism placed in the saddle. Wherever a diminishing output is met with in New Zealand, it can far more readily be traced to the preachments of such Socialists as have found their way to New Zealand than to any influence of the act.

One of the bitterest opponents and critics of the act is J. MacGregor, M.A. of Dunedin, New Zealand. In a pamphlet published by him in 1902, under the title of "Industrial Arbitration in New Zealand. Is it a Success?" he pronounces the act a dismal failure, and dwells particularly on the point that it makes for a saddening degree of diminishing efficiency on the part of the workers, and he makes a plea therein for voluntary arbitration as being infinitely better in its effects on worker, employer, and community than compulsory arbitration.

Unwittingly, however, he quotes the following illustration of an incident said to have happened in England, where voluntary arbitration is depended on for the settlement of labor disputes and where neither the legal minimum wage nor compulsory arbitration is on the statute books. This incident shows how much greater must be the degree of diminishing efficiency and lessened output in England, despite the absence of the laws Mr. MacGregor complains of, than in New Zealand: "Sir Hiram Maxim gave an instance of a small gun attachment which the labor union committee classified as a day and

a quarter job. He invented a machine to make it, but the men would produce the piece in a day and a quarter even with the machine. He then hired a German workman who easily produced thirteen pieces a day."

I think I have shown conclusively by the figures furnished by the treasury department of New Zealand, that the tax burdens have decreased rather than increased since the act has been created. I hope I have also made it plain, in an earlier part of this report, that if home production has not kept pace with imports it is due to causes other than the creation of the act.

The New Zealand government reports show clearly that capital has had sufficient confidence in New Zealand and its labor legislation to increase its investment industrially in that dominion nearly fifty per cent in the five years from 1901 to 1905, and that private wealth increased from 1896 to 1906 over seventy-eight per cent. The records further show that since the new amendments of 1908 have come into force, men have generally obeyed the awards of the court and that where they have failed to do so, the court has been able to inflict and to enforce penalties.

Unfriendly critics are fearful lest in bad times when wages are cut by the court the men will not yield and strikes will follow. The answer to this contention is that for the past eighteen months New Zealand, in common with the rest of the world, has undergone a period of more or less severe depression that has been keenly felt, industrially and commercially. This is pointed out in the latest report of the Wellington Chamber of Commerce, where attention is called to the fact that in consequence of the financial collapse in the United States in the fall of 1907, the New Zealand exports for the year 1908 declined eighteen per cent. Just enough to take the "velvet" out of profits generally and has brought to New Zealand consequent hard times. Yet despite these hard times the court has not cut wages in any of the industries whose awards in the intervening months have come up for revision, because of the fact that in good times the court has not fixed wages in accordance with the large profits earned by employers, but rather on the basis of the cost of living, and so in bad times it declines to consider diminished profits, but continues to take the cost of living as a basis. Should hard times continue long enough to bring about a material reduction in the cost of living, only then is the court likely to consider the necessity of cutting wages correspondingly. The question remains, when that extreme condition is reached whether the men will submit without resort to strike. My opinion is that the time will never be at hand when it will be possible to guarantee that there will be no strikes in New Zealand or elsewhere. But I venture the opinion that with the

restraining influences created by the revised New Zealand laws of 1908, strikes, even in the hardest times, will be fewer than ever before in that dominion.

Mine was the interesting experience of pointing out to the severest New Zealand critics of the act the fact that they were permitted to enjoy a degree of industrial peace unknown in Europe or America, where workers may legally strike and employers legally lockout, for any cause or for no cause.

Despite the fact that for general intelligence and all round ability the New Zealander will compare favorably with any set of men I have met in all my travels, he did not seem to be well informed on existing industrial conditions in other countries. When these were pointed out to him they seemed a revelation, and out of the scores of those I interviewed, I do not recall one who was finally willing to consent to exchange the industrial conditions of New Zealand under its labor laws with those prevailing in Europe or America.

Many who in the beginning of the interview were most bitter in their denunciation of the act were in the end frank enough to admit that they had condemned it out of their ignorance of the unfortunate industrial conditions existing in the outside world, where the state does not intervene in industrial disputes, and they acknowledged that they had not sufficiently appreciated the industrial advantages that the act had brought with it.

I can not better conclude this report than with the editorial published in the Wellington *Evening Post* of April 15, 1909, dealing with a paper read the preceding day before the Chamber of Commerce in that city by Secretary Broadhead of the Christchurch Employers' Association in which he roundly condemned the act:

Mr. H. Broadhead, secretary of the Canterbury Employers' Association, took rather a gloomy view in the paper which he read to the delegates of Chambers of Commerce yesterday. "Does the Arbitration Act Hinder Industrial Progress?" was the text of the address, and by a course of reasoning, peculiar and very controversial in parts, the speaker arrived at the answer "Yes." The conference thanked him for his thesis, but did not commit itself to any approval or disapproval of the pessimistic doctrine. Practically, the arguments remain the opinions of one delegate, and are consequently robbed of much of their importance. It seems evident that Mr. Broadhead has confused the purpose of the industrial legislation with mistakes and weakness in the administration. We have repeatedly contended, and we repeat that contention now, that notwithstanding recent occurrences, the arbitration law is as good and useful as ever it was. All the disputes and all the strikes are trifling in comparison with the real and lasting good that the law has done during a dozen years in founding and consolidating industry. It was not the act, but the administration of the act, that broke down. Must a good machine be smashed because an engineer does not appreciate the difference between a "governor" and a "crank?" Mr. Broadhead, in effect, suggests a reversion to the old order. We are sure, however, that if the issue was put straight out to the employers of New Zealand an appreciable majority would vote against a retrogression to the régime of the old days before the mind of the Hon. W. P. Reeves saw a way leading towards peace.

The spirit of this legislation is calculated to go for the benefits, not of any one class, but the welfare of New Zealand as a whole. Employers, of course, have approved the theory, but some have complained at the effect of the practice. Yet they must remember that the sorrow which came to them was rather due to the weakness and timidity of the administration than to the law, though the law may not have been perfect.

The amendments enacted by Parliament in 1908 have removed from the act the chief objections pointed out by its critics. Since these amendments have gone into operation, early this year, a much better feeling has prevailed between such employers and workers as have since had occasion to renew their demands or to adjust differences. The industrial peace enjoyed throughout New Zealand during the past year promises now to be the normal condition of the future, with every probability that New Zealand will actually become "a country without strikes."

CONCLUSIONS AND RECOMMENDATIONS.

At this point I desire to express to your Excellency my appreciation for the honor conferred in issuing to me the commission to investigate the labor laws and the labor conditions of foreign countries, and to report to you as the Chief Executive of the State.

The work has been to me in the nature of a rare educational opportunity. It has brought me in touch with many men in many lands whom it was a pleasure and a privilege to meet and whom I wish through this medium to thank for the many courtesies extended and the valuable information so cheerfully furnished.

For obvious reasons I can not give the names of all who rendered me assistance, but I shall ever retain in grateful remembrance the many acts of kindness and the courtesy shown me throughout my long and varied journeyings in quest of information, by men in various walks of life, voicing widely different points of view.

I found that in most countries the labor problem is regarded as one of the great problems of the day. It is commanding the best thought of many of the world's best minds.

Statesmen, great captains of industry, political economists, labor leaders, journalists and humanitarians, the world over are earnestly striving to better the condition of the wage-earner and his dependents and to find a way peacefully to settle the inevitable disputes constantly arising between employers and employees and likely to continue to arise.

That the labor problem is commanding the attention of many of the world's best minds, speaks well for the wage-earner and well for society generally. It is not likely that capital, except in isolated cases, would of its own volition, have shortened hours, increased wages and improved working conditions, and thus at least in its own opinion, lessened profits. It therefore speaks well for organized labor that through its initiative much has been done to bring about these bettered conditions. It speaks well for society generally because, unless the initiative of the worker to better his condition had been aided by statesmen, legislators, political economists, writers, and the more progressive and sympathetic employers backed by an intelligent public sentiment that had largely been educated by organized labor, the great betterment in the condition of the wage-earner which in the last decade or two has taken place, would not have been possible.

Much of the wage-earner's improved condition has been brought about through industrial war. In the beginning, the worker had to battle to command recognition.

For generations the employer had been led to feel that he was the all in all, in industrial matters, that the mere circumstance of his furnishing employment made him labor's benefactor, that it was for him, wholly and solely, to dictate terms and conditions of labor, and for labor gratefully to accept.

The idea of the worker being entitled to a voice in the matter of wages, hours of labor, or conditions of employment, seemed to the employer an impossible thought, and for the worker even to hint at such a right on his part was regarded as a bit of arrogance and a decided impertinence meriting instant dismissal. Conditions, however, have changed. Labor unionism has done much to educate the employer to the fact that the worker is entitled to a voice in all things affecting his own welfare. Trade unionism has through hard fought battles involving at times great industrial wars, with their frightful consequent sufferings to both sides and to society generally, forced upon even the most aristocratic and arrogant among employers the fact that it is a power to be reckoned with.

Providence has not given all the virtues nor all the human weaknesses either to the man who pays or to the man who receives wages. Both being human are likely in common to have the same virtues and the same failings. And so, when the employer believed himself the sole arbiter, he made, as a rule, the most of his opportunities to exploit the worker; when in turn organized labor believed itself to be in the saddle, it followed the example of the employer, and often became just as despotic, just as tyrannical and just as ready to exploit the wage-payer.

So long as industrial wars were petty in character and involved but few combatants, society generally felt little concerned in them, but when the tremendous growth of industrialism in recent decades led to colossal industrial wars that frequently affected the welfare of whole communities and at times of great nations, society, whether it would or no, found itself, as a matter of self-defense, obliged to take the deepest interest in these industrial conflicts with the view of preventing them if possible.

Great and mighty governments that in the past looked upon the manual worker as mere cattle in times of peace and as so much food for the enemy's powder in time of war, have been compelled by his solidarity and his aggressive agitation to devote much thought and attention to the consideration and adjustment of his grievances.

The question then is, have we not reached a stage when industrial war, having served its purpose in commanding for organized labor its just recognition, may be relegated to the dead past? I hold that the time is

here when labor, and capital, may put aside the munitions of industrial war, the strike and the lockout, with their incalculable cost which is forever lost to society. Who will oppose reason and equity taking the place of the brutal strike and the heartless lockout, if, by the recognition of the organization of labor, a way can be found to insure the exercise of reason and equity in the settlement of labor disputes?

I hold that the time is ripe when the suffering and misery brought upon untold numbers of innocent people by strikes and lockouts should cease.

I found that men and governments the world over believe that such a time is here and many among them have been and still are earnestly striving to find a practicable and equitable way of peacefully settling labor disputes, so that the strike, labor's deplorable weapon of offense and defense, and the lockout, capital's equally deplorable weapon, may be safely laid aside.

The first governmental step along these lines was the creation of machinery that would aid and encourage voluntary arbitration on the part of employers and men. Among the countries who legislated along these lines are Great Britain, France, Belgium, The Netherlands, Germany, Austria, Italy, and many of our American states. The results have, however, been insignificant and disappointing.

Here is a summary of the net outcome for some of these countries as shown in Bulletin No. 60, September, 1905, issued by the Bureau of Labor, Washington, D. C.:

Years.	Country.	No. of strikes.	No. of state interventions.	Per-centage.
1896 to 1903.	Great Britain	4,952	154	3.11
1901 to 1904.	Netherlands	529	59	11.15
1902 - 1903.	Germany	2,636	318	12.06
1894 to 1902.	Austria	2,390	573	23.97
1897 to 1899.	Italy	732	16	2.18
1893 to 1903.	France	5,874	1,413	24.05
1896 to 1900.	Belgium	610	35	5.74
		17,723	2,568	14.49

AMERICA.

Years.	State.	No. of strikes.	No. of state interventions.	Per-centage.
1901 to 1904.	Canada	490	33	6.73
1896 to 1900.	New York	6,189	390	6.30
1886 to 1900.	Massachusetts	2,628	563	21.42
1893 to 1900.	Ohio	878	103	11.73
1895 to 1900.	Wisconsin	195	53	27.17
1897 to 1900.	Indiana	183	82	44.80
		10,563	1,224	11.59
	Europe	17,723	2,568	14.49
	Totals	28,286	3,972	14.04

The foregoing figures show that in thirteen European countries and American states where the government had created machinery for the voluntary adjustment of labor disputes such intervention had in the course of years been applied in only 14.04 per cent of cases.

From the only available figures afforded by Bulletin No. 60, from which the foregoing data are taken, to show in how many instances such state intervention occurred before a strike or lockout took place, I take the following figures:

	No. of strikes.	No. of state interventions.	Per-centage.
France	5,874	61	1.04
New York	6,189	32	0.51
Massachusetts	2,628	419	15.93
Ohio	744	13	1.74
Wisconsin	53	6	11.13
Indiana	82	2	2.68
	15,570	533	3.42

It is safe to assume that if the figures of the other countries and states were available, they would show substantially the same average percentage of state interventions before cessation of work. These figures must convince the most pronounced advocate of voluntary arbitration with or without state intervention that it is largely a failure the world over, so far as being a prevention for strikes or lockouts.

It is to be deplored that this is so, since the ideal way of adjusting labor disputes is for both sides to get together voluntarily, in the hope of reaching an understanding. Failing in this, then to submit the dispute to a disinterested arbitrator or arbitrators and accept the decision.

However ideal this plan may be, the world experience shows that it can not be relied upon as a prevention, except in a very trifling percentage of cases, even when the state assumes the task of relieving both parties to an industrial dispute from taking the initiative.

The next logical step for state intervention is the one generally adopted by the Australasian governments, where the state not only compels the disputants to get together but also compels them, if they can not agree between themselves, to abide by the decision rendered by the court. This has led to the colonies enjoying the highest degree of industrial peace the modern industrial world has seen, as evidenced by the following number of strikes which in the last fifteen years have taken place in the three principal industrial governments of Australasia:

Victoria	9
New South Wales	186
New Zealand	25
Total	220

or an average for the three governments of less than fifteen strikes a year. When it is remembered that even this insignificant number of

strikes was largely due not to any weakness in the principle of compulsory state intervention, but to defects in the administration of the law, because of inexperience, the showing is the most remarkable in modern industrial history.

With the perfected laws recently enacted as the result of past experience, the next fifteen years are likely to show a still more remarkable resnlt along the lines of industrial peace.

The Australasian system has proven the most powerful check on the greed of the unfair among employers and the most effective restraint against the selfish and nnreasonable demands of the unscrupulous among labor unionists, that the legislative mind has ever devised.

It has protected the worthy wage-earner against his fellow-worker who was *willing* to work for a starvation wage and also against the sweating employer who, if he could, would *compel* him to work for a starvation wage. It has also protected the worker from the hasty and ill-judged action of well-meaning but overzealous or hot-headed labor leaders in precipitating strikes that to the worker and his family might spell ruin and starvation.

It has further protected the wage-earner from the unscrupulous among labor leaders who for selfish reasons might deliberately, to the worker's ruin, bring about unwarranted strikes. It has protected the fair employer from his unfair competitor, who by exploiting labor could underbid and undersell him and in the end compel him likewise to become unfair to labor or go out of business. It has succeeded in maintaining the highest degree of industrial peace known in modern times, for the good of the worker, employer, and the body politic. For all these reasons a fair-minded inquirer must pay the highest tribute to the Australasian statesman in having rendered a great service to his own people and in having at the same time given the world a valuable object lesson in demonstrating the importance and the practicability of state intervention in the settlement of labor disputes.

Given the same conditions, I could not serve my commonwealth better than to recommend to it the adoption of the Australasian system for the settlement of labor disputes and the prevention of sweating. But owing to widely different conditions I do not see my way clear to make such recommendations.

The success of the Australasian labor laws is dependent primarily upon two things:

(*a*) The confidence of employer and worker in the fairness of the industrial court.

(*b*) The compactness of its industrial centers.

The Australasian courts command confidence because their life tenure, subject to good behavior, makes them independent. They are not placed

in a position where to retain office they must favor friends or punish enemies.

In the course of my Australasian investigations I heard many criticisms on the judgment of the courts, but I never heard the slightest whisper, even on the part of the severest critics, that reflected on the honesty or the good intentions of the court.

I believe that the judiciary of California for honesty and integrity will compare favorably with that of any in the land; the fact remains, however, that under the law our courts are elective and being elective this must tend largely to destroy the absolute confidence in the court, so essential in the adjustment of labor disputes. Labor is likely to contend, when decisions are rendered against it, that the court has been swayed or bought up by the power of capital; and capital is likely to feel, when decisions are rendered against it, that the court has been intimidated by labor, or to get votes, has toadied to labor. Such an inevitable attitude on the part of one side or the other or both, must in the end cripple the usefulness of the court and defeat the purpose of the law.

Furthermore, the success of the legal minimum wage and the legal maximum hours of labor, fixed by Australasian courts, having in view the wiping out of sweating, depends largely upon the centralization of industry. In New Zealand the entire dominion is treated as a unit and the one administration can regulate and control every part of the colony. Of the six states of the commonwealth of Australia, five have laws regulating wages and hours of labor; the sixth state, Tasmania, has but small industrial interests.

Our country has nearly fifty States, each with its sovereign and independent right to fix a legal minimum wage and maximum hours of labor. If uniform legislation among all or most all of the States could be enacted it might be possible legally to kill sweating. Otherwise, such legislation would simply mean driving the sweater from one State across the border to some other.

For these reasons I do not see my way clear to recommend to your Excellency the advocacy of the Australasian labor laws in their entirety. In the interest of industrial peace, however, I do earnestly believe in the adoption of the principle of State intervention in labor disputes to the fullest degree consistent with our conditions and with our form of government.

That some state intervention has been deemed essential is shown by the states on our own continent and the various industrial countries of Europe, who in recent years have created legal machinery for the peaceful settlement of labor disputes. That such legal machinery has practically failed is due altogether to the fact that its use was made voluntary in character. For the state to serve any useful purpose in

such sphere of activity, it must go a step farther and follow as nearly as its conditions will permit, the pioneering footsteps of the Australasian colonies. I had practically reached this conclusion many months ago while making my investigations in Europe.

The contact with many of Europe's keenest and ablest minds in all walks of life, who were high authorities on labor problems, had crystallized my thoughts on the question as they never could have been crystallized as a mere student of book-knowledge, or even as a fairly large employer of labor coming in contact with men and conditions and experiences only in my own country.

I soon realized that voluntary arbitration the world over was largely a failure, and for the reasons already named I also realized that compulsory arbitration would not fit the conditions of our commonwealth. My knowledge of conditions generally and my observations in various lands had forced upon me the conclusion that the weak spot in the adjustment of industrial disputes was the fact that, as a rule, the side that believed itself to be the stronger refused to meet or to treat with the other side. If it was labor that believed itself to be the stronger, it was likely to take the position that the employer must concede *all* its demands or none. When capital felt itself to be the stronger, its answer to all appeals for a conference made by labor or by voluntary interveners was to the effect that it was quite satisfied with existing conditions and that there was nothing to arbitrate. And so the struggle would go on, the victory often going, not necessarily to the one that had right and justice on its side, but to the one having the longer purse or the greater endurance, such victory often being bought at a terrific cost to the victor, to say nothing of the disaster to the loser and the injury to the State.

The problem then seemed how to compel the unreasonable, the unfair, and the stubborn on both sides to get together in the hope that by conciliation, and, if need be, by the intervention of a third disinterested party, an agreement might be reached.

It is generally conceded that public opinion is a most important factor in the settlement of labor disputes, more especially when they are of a character likely to affect public convenience or comfort or profit. It is rarely if ever that a strike or a lockout can succeed that has public sentiment against it. The problem, however, has ever been how properly to enlighten public opinion and how to place before it the actual facts involved in a labor dispute as found by a disinterested inquirer in whom the public would have confidence.

With these thoughts in mind it seemed to me that an important stride would be made in the direction of industrial peace, if legislation was created calling for a public inquiry in labor disputes before they had reached the serious stage of strike or lockout.

I realized, however, that any legislation along such lines, in a country such as ours, must at best be experimental. While in that stage I feel that the proposed legislation should be confined to disputes likely to arise in the conduct of public utilities, since it is strikes and lockouts in these activities that, as a rule, more seriously affects the public welfare. Should the proposed legislation after a fair trial prove a success, it would then be in the interest of all concerned to broaden it so that *all* industries might be brought under its influence.

This conclusion having finally been reached on my part, I formulated it on paper while in Brussels, Belgium, in the nature of a rough draft of a proposed law.

On arriving in Paris a few days later I found awaiting me there a packet of printed matter sent me by the Canadian Labor Department through the courtesy of Mr. Dougherty of the Canadian Department of Agriculture, whom some months before I had met while in Rome.

Looking over this printed matter, I was surprised to find that my idea had been anticipated by the Deputy Labor Minister of Canada, McKenzie King, who had recently formulated and had succeeded in getting the Canadian Parliament to pass a public inquiry act. My satisfaction can be understood when I found among other documents in this collection the first annual report just issued by the Canadian Labor Department of the operation of the Act which showed that ninety-seven per cent of the labor disputes submitted to a public inquiry had been amicably adjusted, and that in only three per cent of cases inquired into had there been strikes after an award was made.

Here we have a most striking illustration of the difference in effectiveness between voluntary arbitration and public inquiry. Under VOLUNTARY ARBITRATION, having behind it all the machinery and influence of the State, there are strikes and lockouts in about ninety-seven per cent of cases and peaceful settlement without cessation of work in about three per cent of cases. Under PUBLIC INQUIRY we find the very first year of its trial in Canada, when at best the system could not yet have been perfected, ninety-seven per cent of peaceful settlements without cessation of work and but three per cent of strikes. Whatever doubts or misgivings I may have had as to the desirability or the practicability of the proposed public inquiry law were removed by the showing made by Canada as the result of an actual application of the principle. Surely, if in California we can, through the medium of public inquiry adjust peacefully ninety-seven per cent of labor disputes, we shall have accomplished a most important work and shall have come as near establishing industrial peace as under our system of government is possible.

Sailing from Egypt to India, it was my good fortune to meet Mr.

McKenzie King, the framer of the Canadian public inquiry act, to whom I am indebted for valuable hints and suggestions embodied in the following recommendations, which I have the honor to submit herewith to your Excellency.

A BASIS FOR A PROPOSED LEGISLATIVE ACT TO LESSEN STRIKES AND LOCKOUTS.

Whereas labor can be divided into two distinct classes—

(*a*) That employed in private enterprise.

(*b*) That employed in public utilities—a public utility being understood to be any undertaking patronized by the general public, for which a public franchise has been granted by the state or by the municipality.

And whereas, the general public is much concerned in the continuous and uninterrupted service of said public utilities, and in the event of a strike or lockout, is collectively a greater sufferer than the employees of such public utility and their employers combined; be it therefore

Resolved, that the following legislation be recommended to the law-making power for enactment, with the view of bringing about peaceful settlements of labor disputes arising between employers and employees engaged in said public utilities, in order to prevent strikes and lockouts.

1. It is hereby enacted that any public utility corporation or any corporation or contractors doing contract work for any city, county, or for the State, which shall have had a dispute with their employees which can not be settled *may*, or that shall have decided to lockout its or their employees, *must* before declaring such lockout, furnish the state labor commissioner with a written statement to the effect that it has or they have found it impossible to have a conference with its or their employees or their representatives, or, having had a conference with said employees or their representatives, an agreement has been found impossible. Said statement must also set forth the points of existing differences to be settled and agreed upon. Any body of workmen employed by a public utility corporation, or by any company or contractors doing contract work for any city or county, or for the State, which shall have a dispute with their employers which can not be settled, *may*, or *having* voted to go on a strike, *shall*, before declaring such strike, furnish the state labor commissioner with a written statement to the effect that they have been unable to hold a conference with their employers, or, having had a conference, it has been found impossible to agree. Said statement shall also set forth the points of existing differences to be settled and agreed upon.

2. Immediately on receipt of such notice, the said labor commissioner shall interview the parties to the dispute, separately, or in his discretion, collectively, as mediator and conciliator, with the view of bringing about an agreement between them. Failing in this, within

three days he shall notify both sides to the dispute each to submit to him in writing, within three days, the name of a representative who is or has been engaged in the industry, and who is willing and ready to act on a board of inquiry. These names are to be placed forthwith by the said labor commissioner in the hands of the governor, who shall appoint said nominees.

3. In the event of a failure on the part of either or both parties to the dispute to conform to the above provision within the specified time, the labor commissioner shall notify the governor of such failure, whereupon the governor shall appoint within three days a representative or representatives of his own choice, for said party or parties, who has or have been engaged in the industry.

4. These two representatives of the parties to the dispute shall meet immediately after their appointment, and shall proceed to elect a third party as chairman of said board of inquiry. Having chosen a chairman, such party shall be appointed chairman of the board of inquiry by the governor. In the event of the two representatives being unable to agree upon a third party as chairman within three days, they shall notify the governor to that effect, who shall within three days after such notification himself select and appoint a chairman.

5. Said board of inquiry shall have power to summon the parties to the dispute to appear before it, and in its discretion may talk with each of the parties separately and privately in the hope of finding common ground for agreement, and shall have such other powers in the summoning and examining of witnesses, books, and documents as are vested in the superior courts of the state in the trial of civil cases. The members of the board must, before proceeding to the examination of said books or documents, make oath that any information gained from said hooks or documents shall be confidential and shall not be used for any purpose other than the inquiry. The board shall endeavor to effect a settlement of the differences between the parties, and if successful, shall in writing report the terms of such settlement to the labor commissioner. Failing to effect such settlement, the board shall draw up a findings or report setting forth what, in the light of the evidence adduced, would in its opinion be a fair and equitable basis of settlement of all the matters in dispute.

6. A certified copy of the findings of the majority of the board, together with a certified copy of the minority report, should there be one, provided that the minority report is signed within forty-eight hours after the majority report is signed, shall be delivered to the state labor commissioner, who in turn shall immediately deliver copies thereof to each of the parties to the dispute.

7. Such findings shall not be binding on either party unless signed by both parties or by their representatives, or the award may be used as a basis for an agreement and may contain such penalties for violation by either party as may be mutually agreed upon. In the event of a settlement being reached between the parties the terms thereof shall not be made public if either party objects to such publication.

8. In the event of the employers declaring a lockout before complying with the foregoing provisions, or prior to the receipt of the findings of the board of inquiry transmitted by the labor commissioner, said employers shall be liable to a fine of $25 for each employee locked out for each day during which said lockout continues, said fine in no event to be less than $1,000. Said fine shall become a lien against the property of said employers and shall be collectible as are other court judgments.

9. In the event of workmen employed by public utility corporations, or by corporations or others doing public or contract work for cities, or counties, or for the State, going out on strike without complying with the foregoing provisions or prior to the receipt of the findings of the board of inquiry transmitted by the labor commissioner, said workmen shall be liable to a fine of $1,000. In the event of said workmen having no common funds, then, and in that event, in lieu of the foregoing penalty, every workman going out on strike shall be liable to a penalty of $25, said fine to be a lien against the property or the wages of said workman anywhere within the State at any time within twelve months and shall be collectible as are other court judgments. Violations of the foregoing provisions to be dealt with summarily by the superior court.

10. Attorneys or any other counsel or advocates are to be barred from taking part in the proceedings before the board of inquiry.

11. The inquiry may, in the discretion of the board, be held in public.

12. At the request of either party to the dispute, the board may be reconvened at any time during the life of the agreement to which there has been mutual assent, to interpret the meaning of any disputed point in said agreement.

13. It shall be unlawful to strike or to lockout until seven days after the board award and the objections thereto of either party have been filed with the labor commissioner. In the event of a strike or a lockout taking place after said seven days the labor commissioner shall on demand furnish to the press and to others copies of the said findings.

I herewith give a statement of reasons which should appeal to capital, to labor, and to the general public, for supporting the creation of the proposed board of public inquiry.

REASONS WHY EMPLOYERS SHOULD FAVOR THE PROPOSED BOARD OF PUBLIC INQUIRY ACT.

1. It will restrain the unfair among labor men from making unfair demands.

2. It will tend to prevent labor from resorting to force to secure unreasonable demands, where labor is unwisely led.

3. It will ward off the tendency to establish compulsory arbitration, which is likely to follow if no other means of relief are afforded the public to protect itself against the loss caused it by what are often reckless and needless strikes and lockouts in connection with public utilities. Compulsory arbitration would mean that a court would fix for the employer wages and conditions of labor.

4. It will tend to ensure continuous service with all that this means in respect to contracts.

5. It will tend to reveal to the owners the efficiency or inefficiency of company officials.

6. It will tend to avert all the evils of a strike.

REASONS WHY LABOR SHOULD FAVOR THE PROPOSED BOARD OF PUBLIC INQUIRY.

1. By diminishing strikes and lockouts it will prevent needless waste of the workers' time, money and energy, and tend to obtain justice for labor without loss of income.

2. It will gain for labor intelligent public sympathy, by affording it an opportunity to present its grievances before a public tribunal whose object it is to get at the facts.

3. It will afford labor the opportunity to make good its oft repeated claim that because of the uniform reasonableness and justice of its demands it courts public investigation.

4. It will tend to prevent prejudgment of the merits of labor disputes on the part of an interested and possibly hostile press.

5. It will compel unfair or unwilling employers who usually take the position that they have nothing to arbitrate, to get together with and to meet their men, and will force them to talk about the merits of the dispute and to listen to the claims of the other side.

6. It will tend to prevent unfair or unreasonable employers from acting in a way which must of necessity mean suffering and loss to other people who are not to blame.

7. When an investigation is made, it will not be possible to keep back anything that is likely to prove helpful to the cause of labor.

8. The many little things that sometimes crop up and cause serious trouble, by an impartial investigation, are likely to be adjusted and settled.

9. Organized labor stands committed to the doctrine that it does not want to strike in order to enforce its demands, if the consideration of them can be attained without recourse to that drastic remedy. A board of inquiry will afford the remedy.

10. Organized labor is not blind to the fact that in every great industrial struggle, in connection especially with public utilities, the public has a large interest as well in the result as in the means adopted to reach that result. The board of inquiry would assure a hearing under the fairest possible conditions and bring out the facts.

11. The creation of a public board of inquiry is calculated to postpone hasty action in the direction of strikes and lockouts and will tend to the settlement of disputes as the result of reason rather than as the result of passion or feeling.

12. It withal will not take away the final right to strike.

REASONS WHY THE GENERAL PUBLIC SHOULD FAVOR THE PROPOSED BOARD OF INQUIRY ACT.

1. In all great strikes, especially in connection with public utilities, the public has more at stake than both the disputants combined.

The board of inquiry will represent the public equally with the other parties in interest, which will thus be given the voice in the matter to which it is entitled.

2. It will make for reason and equity, for law and order taking the place of heat and passion, disorder and violence in the settlement of labor disputes.

3. It will make for labor disputes being peacefully settled before a tribunal without interruption to public service.

4. In the event of either party to a labor dispute refusing to abide by the findings of the board of inquiry, the publication of such findings will present the facts and enable the public intelligently to give its support to the party having right on its side.

5. It will tend to reduce to a minimum strikes and lockouts with their consequent tremendous loss and injury to the public.

I have the honor to subscribe myself,

Respectfully yours,

HARRIS WEINSTOCK,
Special Labor Commissioner.